

## Reagan Cautions Envoys to Moscow

U.S. Stresses Continuation of Policy,  
Seeks to Discourage Undue Optimism

By Leslie H. Gelb  
New York Times Service

WASHINGTON — President Ronald Reagan instructed Vice President George Bush and Secretary of State George P. Shultz not to engage in any hostile exchanges with the new Soviet leaders while they were in Moscow and to emphasize that there would be no change in administration policy, administration officials say.

The instructions encapsulated the attitude of the administration as it tries to come to terms with the new wielders of power in Moscow.

Administration officials said Mr. Reagan was eager for improved relations with Moscow, but he wanted his representatives to make clear that better relations

breakthrough soon on key issues such as Afghanistan, Poland, arms control, Southeast Asia and settlements in South-West Africa (Namibia) and Central America. At most, they see a short-term improvement in the atmosphere between the two powers.

The consensus in the administration remains that if change comes, it will be slow and evolutionary, the result of decisions by the new Soviet leaders to turn inward in an effort to reverse the deterioration in the Soviet economy.

Administration officials said intelligence experts and Soviet specialists in the administration had generally been surprised at how far Mr. Andropov had already gone to establish his ascendancy. Only days before Mr. Brezhnev's death, the intelligence agencies had told Mr. Reagan that power would probably be held by a triumvirate.

Several intelligence experts are now said to contend that Mr. Andropov could not have gotten so far so fast without making deals with the KGB, which he headed until last spring, and with leaders of the armed forces.

If such deals were struck, these experts believe, Mr. Andropov, at least in the short run, might support Soviet military requests for additional money, more than Mr. Brezhnev did.

At the same time, some administration experts continue to maintain that Mr. Andropov's clear hold on power remains to be demonstrated. "All the shoes haven't been put on yet," said Helmut Sonnenfeldt, a senior Soviet affairs specialist in the Nixon and Ford administrations.

But senior officials went out of their way to dampen speculation about breakthroughs.

For example, when Mr. Reagan imposed the sanctions on companies selling oil and gas equipment for the trans-Siberia pipeline, he said he would lift them when conditions improved in Poland. He could have cited the release of Lech Walesa, the leader of the independent trade union Solidarity, as a reason for lifting the sanctions.

Saturday, instead, he justified the removal by saying he was imposing even sterner measures.

## Russia, Offering Expanded Trade, Asks U.S. to Renounce Sanctions

By Serge Schmemmann  
New York Times Service

MOSCOW — Senior Soviet trade officials told U.S. businessmen Tuesday on their first large-scale foray into Moscow in four years that Washington would have to renounce trade sanctions if U.S.-Soviet trade is to revive.

In the opening Soviet address to 250 American executives gathered for a four-day trade conference, the minister for foreign trade, Nikolai S. Patolichev, said: "It is necessary for the United States to renounce once and for all the doctrine of using trade as a weapon against our country."

Without the confidence that agreements would not subsequently be broken, Mr. Patolichev declared, "no businessman will sign a deal." He said that since 1979, the last year before economic sanctions of one sort or another were imposed, the U.S. share of Western machinery exports to the Soviet Union dropped from 7 percent to 3 percent and the U.S. share of grain shipments plummeted from 14 percent to 17 percent.

At the same time, Mr. Patolichev and the other officials appeared to court trade with the United States. The foreign trade minister made particular mention of Soviet interest in obtaining U.S. equipment and know-how in the chemical and petrochemical industries, in consumer goods and in agricultural and food processing equipment.

The meeting was the first since 1978 for the U.S.-U.S.S.R. Trade and Economic Council, which was set up in 1973, the heyday of détente. By Mr. Patolichev and George P. Shultz, now U.S. secretary of state. The council links more than 200 U.S. firms and Soviet trade ministries and organizations.

It had been planned as a seminar on forms of trade still possible under various sanctions, and most of the 125 U.S. firms represented were involved in such fields as agricultural products and equipment, food processing, chemicals, and commercial machinery.

But President Ronald Reagan's decision to end sanctions against the Siberian natural gas pipeline last Saturday, and the timing of the meeting during the change of leadership in the Kremlin, heightened the significance and changed the tone of the gathering.

The importance ascribed by the Russians to the conference was underscored by its insistence that it go ahead despite the death last week of Leonid I. Brezhnev.

Mr. Patolichev and other Soviet officials who spoke on the first day made little direct mention of the lifting of pipeline sanctions, but they all sought to impress on the businessmen the purported futility

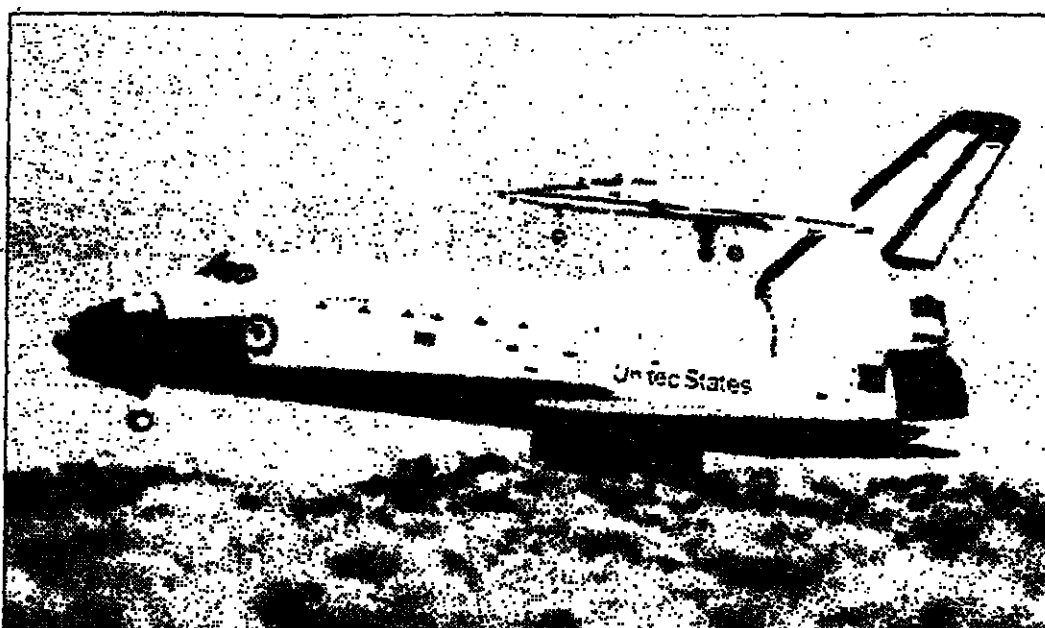
of influencing Soviet policies through sanctions. "Are we not able to make strategic nuclear rockets?" Mr. Patolichev asked rhetorically, listing also fighter aircraft and spaceships among achievements that demonstrated Soviet technological advances.

The theme was picked up by Nikolai N. Inozemtsev, a deputy chairman of Gosplan, the state planning committee. Now that sanctions against the pipeline were lifted, Mr. Inozemtsev said, Washington may think of new measures to "damage" the Soviet economy.

He then went on to detail the immense scope of Soviet production and energy and mineral reserves, and asked, "How can anyone think they can blockade such a country?"

Such arguments echoed the defiant Soviet position since President Jimmy Carter first announced embargoes on grain and high-technology exports to the Soviet Union after the intervention in Afghanistan.

Arms Negotiators Meet  
Soviet and U.S. representatives to two sets of Geneva talks on reducing nuclear arms, the Strategic Arms Reduction Talks, and the parallel negotiations on intermediate-range nuclear forces, conferred Tuesday in their first formal bargaining sessions since the announcement last week of the death of Mr. Brezhnev. The Associated Press reported.



The space shuttle Columbia, in a perfect landing, touched the runway at Edwards Air Force Base in California at the end of its fifth space mission. It was accompanied by a NASA chase plane.

## Columbia Shuttle Completes Its First Operational Flight

By Thomas O'Toole  
Washington Post Service

EDWARDS AIR FORCE BASE, California — The four astronauts who made the first operational flight of the space shuttle Columbia returned to Earth Tuesday to the cheers and plaudits of a delighted space agency.

"We don't do them any better than this," James M. Beggs, administrator of the National Aeronautics and Space Administration, told the astronauts when he greeted them Tuesday morning. "You four men were magnificent."

Air Force Lieutenant General James A. Abrahamson, associate administrator of NASA, went even further than Mr. Beggs. The general said, "These men started what I feel is a revolution in space. They did what their commander said we do: 'We deliver.'"

Which is just what the shuttle commander, Vance D. Brand, said as he landed the 100-ton spaceship on the concrete runway at Edwards at 6:33 A.M., four minutes after sunrise.

"We deliver," said Mr. Brand as Columbia's nosewheel touched down 1800 feet beyond the runway's threshold and right where he had targeted the landing.

"We deliver" has been the motto for this crew since they delivered two 350-million communications satellites, one for a Canadian and one for a U.S. company, from Columbia's cargo bay to what will be their stations in orbit for at least the next 10 years.

Delivery of the satellites at half the cost it takes to put satellites into orbit any other way was the goal of this flight and is one of the overriding reasons for the shuttle program.

"The good news here is that the U.S. space transportation system is operational," said William B. Lenoir, an astronaut, who together with Mr. Brand, Colonel Robert F. Overmyer and Joseph P. Allen made up the crew for this flight. "Our motto is: 'We deliver' and we'll appreciate it if you spread the word."

The one thing that marred the flight was the failure of Mr. Lenoir and Mr. Allen to take the shuttle walk they had trained to do. Flight directors Tuesday were still at a loss to explain why the astronauts, both of whom were experienced, failed just before they were to walk in space Monday.

"We don't know what happened yet," General Abrahamson said Tuesday. "As soon as we get those suits back to Johnson (the Johnson Space Center in Houston), we'll start an investigation of what went wrong."

According to General Abrahamson, the crew of the next shuttle flight, in the first week of February, 1983, will take the spacewalk that Mr. Lenoir and Mr. Allen did not. If that is hurrying things too much, the general suggested, then the walk will be done on the seventh flight, in April.

"Our flight crew training time is a very precious resource," General Abrahamson said. "The crew of the next flight is already training for that flight and the timeline for that flight is crowded. But I'm very willing to extend the mission to get those suits tested and I think we can easily extend a day or two if that's necessary."

The next space shuttle to fly will be Challenger, the second of a fleet of at least four of the winged rocket planes. It is to be towed to the rocket assembly building at Cape Canaveral, Florida later this week in preparation for its February launch.

## A Christian Democrat, Fanfani, Asked to Form An Italian Government

By Henry Kamm  
New York Times Service

ROME — Amintore Fanfani, a 74-year-old Christian Democrat who was prime minister four times in the 1950s and 1960s, was named Tuesday to try to form Italy's 43rd government since the founding of the republic in 1945.

Mr. Fanfani, who is president of the Senate, told President Sandro Pertini that he reserved acceptance until he could explore the possibility of forming a cabinet in "the present well-known difficulties."

Prime Minister Giovanni Spadolini resigned Saturday because his five-party coalition had exhausted its ability to cooperate.

Mr. Fanfani faces the same problem that twice brought down Mr. Spadolini's identical cabinets, which governed for 16 months. His Christian Democratic Party, with 38 percent of the seats in the Chamber of Deputies, must cooperate with the Socialists, who hold almost 30 percent, for a workable majority.

However, in the face of Italy's deepening economic difficulties and growing partisan rivalry, the two parties have taken increasingly divergent approaches on economic strategy and developed personal strains among their leaders.

Mr. Spadolini, Italy's only post-war prime minister not to be a Christian Democrat, remains in a caretaker role. Mr. Pertini's choice of Mr. Fanfani is seen here as the



Amintore Fanfani

Questioned by reporters on leaving the presidential palace, Mr. Fanfani declined to give any hints on the kind of cabinet he hoped to form. "It has been many years since I have dealt with such matters," he replied.

Mr. Fanfani said he agreed with Mr. Pertini's wish that the present parliament serve out its full term. Then he set out for the first of his formal calls, which included Mr. Spadolini and the presiding officers of both houses of parliament. He will begin his political consultations Wednesday.

Mr. Fanfani's coming difficulties in persuading the Socialists to lend their necessary help to the forming of a cabinet were foreshadowed by Bettino Craxi, the party leader. After meeting Tuesday morning with Mr. Pertini, as part of the president's consultations with all parties before naming a candidate, Mr. Craxi presented a negative view.

He said that the crisis had originated primarily from a sense of inability to govern and control "a difficult economic and financial situation, which is getting worse." After listing the symptoms of the crisis — imbalance between revenues and public spending, a rising inflation rate, unemployment and a drop in real wages — Mr. Craxi said the Socialists were ready to play a constructive role in any possible form, "if any form is possible."

## West Germany Arrests 3d Suspect Linked to Baader-Meinhof Group

The Associated Press

KARLSRUHE, West Germany — Police arrested Christian Klar, suspected of being a leader of the Baader-Meinhof group, in a woods just south of Hamburg on Tuesday, a spokesman for the federal prosecutor's office said.

Mr. Klar was arrested less than a week after Adelheid Schulz, 27, and Brigitte Mohrhardt, 33, were seized as they approached a weapons cache outside Frankfurt.

Police had declared the three — along with Inge Viett, who is still at large — to be the most wanted members of the terrorist group founded by Andreas Baader and Ulrike Meinhof in the early 1970s.

A statement from the Federal Criminal Office in Wiesbaden said police had seized an unidentified man armed with a pistol and carrying false identification in a wood outside the small village of Friedrichsdorf, south of Hamburg.

The Karlsruhe spokesman later confirmed that the man was Mr. Klar.

He was arrested as he approached another arms cache, which had been under surveillance since police decoded a plan found at the depot near Frankfurt where the two women were seized last Thursday, the Wiesbaden office said.

The Wiesbaden office said at first that a second man was being sought after escaping from police, but a later statement from the Karlsruhe office said without explanation that no second man was involved, and spokesmen refused comment on the erroneous report.

Mr. Klar, 30, is thought to be the leading strategist of the Baader-Meinhof group, or Red Army Faction. He was wanted in connection with two incidents in 1977 that marked the zenith of terrorist activity in West Germany. He is also suspected of taking part in the two most recent Baader-Meinhof attacks — the bombing Aug. 31, 1981, at the U.S. Air Force European headquarters in Ramstein and the attempted assassination of U.S. General Frederick I. Kroesen near Heidelberg in September 1981.

Mr. Klar is suspected of taking part in the murder of banker Jürgen Ponto in July 1977 and in the kidnapping and murder of Hanns-Martin Schleyer, a West German industrialist, in September 1977.

Mr. Schleyer was abducted on his way home from work in Cologne. His body was found five weeks later in the trunk of a car in Mulhouse, northern France. West German authorities refused to give in to demands to release Mr. Baader and other terrorists in exchange for Mr. Schleyer.

Police had launched a new campaign to capture Mr. Klar and the three women suspects in late August with nationwide distribution of posters showing their photographs, describing them as the most wanted terrorists and setting a reward of 100,000 Deutsche marks (\$40,000) for the capture of each.

Two weeks later, on Sept. 15, police said they had found Mr. Klar's fingerprints at the scene of a bank robbery in the Ruhr industrial town of Bochum.

He was identified from fingerprints after his arrest Tuesday, the Wiesbaden office said.

## Qadhafi Using OAU as Platform He Assails Delegates for Causing Delay of Conference

Reuters

TRIPOLI, Libya — Colonel Moammar Qadhafi, the Libyan leader, indicated in a speech before foreign ministers of the Organization of African Unity Monday that he intended to use the chairmanship of the organization as a platform for his own ideology.

In an hour-long speech, the text of which was released Tuesday by the official Libyan press agency, he promised that his tenure would be unconventional.

As if to prove the point, he sharply criticized many countries whose presence in Tripoli made it possible for him to assume the OAU chairmanship after an earlier summit conference was postponed because of feuding within the organization.

Colonel Qadhafi also sharply criticized the United States, the United Nations and Israel. He was critical of a founding principle of the OAU — the inviolability of borders inherited from colonial days. Without this rule, many of the continent's countries would not exist as they do today.

There was no official comment Tuesday on his keynote address, but delegates said Colonel Qadhafi appeared determined to chart a radical course compared with the OAU's past image of moderate consensus. He is expected to be its chairman until the next OAU summit conference, which is scheduled for Guinea in May.

Some officials said they were surprised that Colonel Qadhafi was so outspoken after the difficulties experienced in arranging the meeting. The present ministerial session and the summit conference that follows were scheduled to be held in July and August.

But the meetings collapsed when 21 nations boycotted the conference to protest the presence of the Polisario guerrilla front, which is fighting Morocco for the independence of Western Sahara, the former Portuguese territory that has been absorbed by Morocco.

The current session is taking place because of a decision last month by the Polisario's Saharan Arab Democratic Republic to withdraw from the talks, ending the boycott by Morocco and its allies.

Mr. Qadhafi criticized countries that attended a Francophone African summit conference in the Zairean capital of Kinshasa last month but boycotted the Tripoli meetings.

He described their participation at Kinshasa as "a contradiction with the independence and freedom of the African countries," and "a provocation and insult" to African countries.

Without mentioning Zaire by

name, he also assailed President Mobutu Sese Seko for restoring diplomatic relations with Israel. Most African countries severed ties with Israel after the 1973 Middle East war.

"We, as Africans, should support the struggle of our Arab brethren in Palestine for the liberation of their land, not the recognition of their enemy," Colonel Qadhafi said. This issue is expected to be one of the main themes of his chairmanship.

## 3 U.S. Citizens Flown to Zambia For Prisoner Swap

The Associated Press

LUSAKA, Zambia — Three U.S. citizens held prisoner in Angola arrived in Lusaka Tuesday in a Red Cross plane, part of an exchange for three captured Soviet military men, a Zambian government official said.

The swap also involved a Cuban and about 80 Angolan soldiers held by South Africa, the return of the bodies of three South African soldiers from Angola and the release of a Roman Catholic archbishop held by Angolan guerrillas.

Two of the Americans, Gary Acker, 28, and Argentine-born Gustavo Grillo, 36, fought as mercenaries for the pro-Western forces in the civil war that engulfed Angola after it gained independence from Portugal in 1975. They were captured in 1976 by the victorious Marxist troops. The third American is Geoffrey Tyler, 32, a pilot, who made a forced landing in his light plane in the Angolan bush in 1981.

Two of the Soviet prisoners, both airmen, were captured in Angola two years ago by guerrillas fighting the Soviet and Cuban-backed government.

## \$1-Billion U.S. Aid Program Criticized by Americans, Egyptians Alike

By David B. Ottaway  
Washington Post Service

CAIRO — The \$1-billion-a-year U.S. economic assistance program in Egypt, the largest U.S. aid program in the world, has become the focus of intense criticism here and in the United States.

The Agency for International Development, which administers the program, is under attack in the Egyptian press as being "an American shadow government in Egypt" and serving as "a tool of American penetration."

U.S. businessmen, on the other hand, say AID has not effectively used its leverage with the Egyptian government over the past seven years to force needed economic reforms or to help private companies. Egyptian and U.S. compete on equal terms with the dominant state-run sector.

The views are said to be shared by policymakers in the Reagan administration, where a debate over

what to do about the bulky U.S. aid program — and whether to "get tough" with Egypt over reforms — reportedly has been under way for some time.

Meanwhile, Congress is investigating why AID is unable to spend a significant portion of its allocated funds each year, resulting in the present \$2.8 billion "pipeline" of unused appropriations, and why 20 percent of its program consists of "problem projects."

The attacks on the program have the U.S. Embassy and the agency here concerned but uncertain how to respond.

If U.S. aid were reduced, it would be seen as a very negative political move unless it was part of a general one, including Israel, said an embassy spokesman who asked that his name not be used.

"It would be a signal we were beginning to hedge on our commitments," he said.

"The aid program," he continued,

"has got to be measured in terms of political benefits as well. It is to help cushion the shock of an Egypt that decided to go from war to peace. Our interests here are not just to see a better economy but an Egypt that continues to be politically stable and committed to the peace process."

The concern in Congress and the administration among U.S. businessmen have noticeably increased during the past year.

But the attack on AID in the state-controlled Egyptian media is a new development that appears to be an outgrowth of the general frustration among intellectuals here with the policy of the United States and Israel, its two "peace partners," toward Lebanon this past summer.

The criticism surfaced in early October when the weekly economic magazine of the semi-official newspaper Al-Ahram began a debate on the role of AID and other

U.S. institutions in sponsoring research which a number of Egyptian critics attacked as a threat to Egypt's national security and a penetration of its national culture.

Writer after writer, some of them involved in U.S.-sponsored projects, raised questions in Al-Ahram's weekly about the purpose of the research, charging or implying that it was a form of intelligence-gathering.

The debate began to take on such proportions and political overtones that the government last month summarily quashed it by ripping out eight pages that were to appear in one issue of the economic weekly.

Lufti Abdelazim, the publication's editor, said in an interview that the debate was in both the Egyptian and U.S. interest and not an "anti-American campaign." He said he wanted to expand it to include a discussion of what Egyptian aid priorities should be.

U.S. businessmen have been lobbying through the Egypt-U.S. Business Council, founded in 1975 and grouping 86 U.S. and Egyptian companies. In a report issued last spring, the council called on AID to press the Egyptian government to reduce its massive subsidies for state-run enterprises and basic commodities, eliminate its price ceilings and system of dual foreign exchange rates, and allow individuals to purchase shares in public-sector companies. It also urged more AID funds to encourage long-term private investment.

Other charges leveled against AID here and in Congress range from too much money being spent on feasibility and other studies to too little of its funds actually being used each year.

An AID spokesman, who also asked not to be identified, said the agency was spending no more than \$5 million a year on feasibility and evaluation studies.

In answer to U.S. businessmen's charges that AID was not using its clout to force economic reforms, the spokesman questioned whether this was possible. He noted that Egypt had for years rejected reforms demanded by the International Monetary Fund and thus disqualified itself for a standby credit of hundreds of millions of dollars.

He also dismissed accusations that AID was a "shadow government" in Egypt, saying that \$750 million of the roughly \$1 billion earmarked for Egypt annually was given directly to the Egyptian government.

He said major reforms both in AID procedures for disbursing funds and in the Egyptian economy were badly needed, but said he was uncertain in which direction Washington should go.

"Egypt itself clearly hasn't decided on making the reforms," he remarked.



# Lifting of Martial Law Is Linked by Warsaw To Freeing of Walesa

United Press International  
WARSAW — Poland's military government said Tuesday the release of Lech Walesa was part of a government plan aimed at lifting martial law next month, and it criticized "paranoid" speculation about Mr. Walesa's future.

Jerzy Urban, a government spokesman, said at a news conference that the Solidarity union leader was just a private citizen, but he hinted that the authorities hoped he might eventually play a role in mediating between the government and its opponents.

"Since Dec. 13, the authorities have declared that martial law will be lifted when it is possible, when things have calmed down, when Lech Walesa is released and is no longer a threat to internal security," Mr. Urban said.

"Nov. 13 was the first 13th of a month when there was no protest," Mr. Urban said, adding that "leafleting is ceasing and we are entering a more fortunate period."

The fact that Mr. Walesa's release was greeted with calm proved the point, he said. "If we had expected otherwise he would not have been freed."

He said 1,000 other people were still interned and said they would not necessarily be freed before martial law was lifted.

Mr. Urban said Poland's parliament was likely to vote on whether to lift martial law at its next scheduled session on Dec. 13. That is the anniversary of the imposition of martial law.

Mr. Urban said Mr. Walesa had not met with Polish leaders since his release and he said no meetings were immediately foreseen. "The number of speculations on Walesa has reached the paranoid state," he said.

"Walesa at present is a private person," he said, adding that his future role was "imponderable."

Mr. Urban commented that Mr. Walesa was interviewed by Polish television when he was released last weekend after 11 months of detention. The interview was not aired, Mr. Urban said, because the government "did not want to create a somewhat difficult situation for Walesa."

Many Poles regard people appearing on the state-run television as "collaborators" with the regime.

The interview "was made after he was isolated, without contact with his advisers," Mr. Urban said. "Later, he could say he had wanted to think things over."

He referred to the case of Jan Kulaj, the leader of the farmers union known as Rural Solidarity, who was discredited in the eyes of many Poles after giving an interview after his release from internment in April. Mr. Kulaj later retracted many of the statements.

Since his release, Mr. Walesa has made only cautious, balanced statements, insisting he had been isolated too long to make specific pronouncements. He has not mentioned the Solidarity union, which has been outlawed by the government, and described himself as having to choose his way as carefully as if he were walking a "greased tightrope."

**Greece Asked to Mediate**  
Wojciech Jaruzelski, the Polish leader, has asked Prime Minister Andreas Papandreu of Greece to mediate between his government and the West to prevent economic sanctions and secure economic support for Poland, Greece's state-controlled news organizations reported Tuesday.

The New York Times reported from Athens that senior government sources had confirmed the report. Mr. Papandreu accepted the proposal after General Jaruzelski assured him that he would proceed with restoring a measure of civil liberties in Poland, the sources said.

General Jaruzelski told Mr. Papandreu that martial law would be ended by Jan. 15.

The Athens News Agency and the state-controlled radio network said the plan was made by the Polish leader during a 40-minute meeting with Mr. Papandreu in Moscow on Monday. The two leaders were in the Soviet capital to attend the funeral of Leonid I. Brezhnev.

Mr. Papandreu also accepted the Polish leader's invitation to visit Warsaw after martial law was lifted. This would apparently make Mr. Papandreu the first Western leader to make such a visit and would further emphasize his insistence on following a more conciliatory line toward the Polish government than other Western countries.



Queen Elizabeth II of Britain gestured with open arms Tuesday while welcoming the Dutch royal couple to London. To the queen's left is her husband, Prince Philip, and to her right are Prince Claus and Queen Beatrix of the Netherlands. The man at the right was not identified.

## Dutch Royal Couple Begin British Visit

Reuters  
LONDON — Queen Beatrix of the Netherlands sailed up the River Thames in a Dutch guided-missile frigate Tuesday to begin a four-day state visit to Britain.

Queen Beatrix and her husband, Prince Claus, were greeted at Westminster Pier, adjacent to the houses of Parliament, by Britain's Queen Elizabeth II and her husband, Prince Philip.

Dutch Embassy officials said Queen Beatrix arrived by ship to illustrate the fact that Britain and the Netherlands are maritime nations of long standing. Queen Beatrix traveled on board the frigate De Ruyter as far as Greenwich in east London, where, accompanied by Britain's Prince Charles, she boarded a launch for the last few miles.

Queen Beatrix was to be entertained by Queen Elizabeth at Buckingham Palace Tuesday night and by Prime Minister Margaret Thatcher on Wednesday. Queen Beatrix is to give a banquet for Queen Elizabeth on Thursday.

Prince Claus, 56, is making his first official trip since he left a Swiss clinic Oct. 28 after being under observation for what a Dutch government spokesman described as "complaints of a depressive nature."

The spokesman said that the prince would follow a restricted schedule during the state visit because "his condition is not yet such that he can take part in all items on the program."

## New Charter Foreseen for Hong Kong

China Debate Expected On 'Capitalist' Clause

Reuters  
HONG KONG — China might approve a "capitalist charter" for Hong Kong this month, a Chinese official has told Hong Kong industrialists who are worried about the future of the British colony.

China's parliament, the National People's Congress, soon will discuss a plan guaranteeing Hong Kong's status as a special administrative zone, according to Li Jusheng, an official with the New China News Agency, which acts as an unofficial Chinese diplomatic mission in Hong Kong.

Mr. Li made the remarks to the Hong Kong Factory Owners' Association. Huang Jen, the chairman of the association, said Mr. Li told him Hong Kong would keep its capitalist system under a new constitutional article to be discussed by the congress, which is expected to meet this month. He said Mr. Li also indicated that Taiwan and the Portuguese enclave of Macao would be designated capitalist special regions under the article.

China has insisted it will regain sovereignty over Hong Kong after 1997, when Britain's lease on most of the territory expires. Speculation about Hong Kong's political future has weakened the stock market and the local currency during the past two months.

Mr. Huang said Mr. Li had told association members that retaining Hong Kong's capitalist status was a prerequisite for maintaining its prosperity and stability.

Pro-Beijing publications have said the constitutional article might define special administrative zones more clearly than a draft published by Beijing earlier this year for discussion by "compatriots" in Hong Kong, Taiwan and Macao.



Huang Hua, China's foreign minister, and Andrei Gromyko, the Soviet foreign minister, meeting on Tuesday in Moscow.

## Chinese, Soviet Aides Call for Warmer Ties

Reuters  
MOSCOW — The Soviet and Chinese foreign ministers met in Moscow on Tuesday in the highest level formal contacts between the two countries in 13 years and agreed that their countries should continue a political dialogue to normalize relations.

Announcement of the meeting between Huang Hua of China and Andrei A. Gromyko of the Soviet Union appeared to signal that the new Kremlin leadership under Yuri V. Andropov, the new Communist Party leader, would push ahead with efforts to end the 20-year dispute between the two Communist giants.

The Soviet press agency Tass quoted Mr. Gromyko as saying that the Kremlin leadership attached great significance to normalizing relations with China.

He added that Moscow would strive to move these relations onto the course of "good neighborliness."

Mr. Huang was quoted as expressing China's hope that relations would be gradually normalized through joint efforts.

"Mutual consent that a political dialogue between the U.S.S.R. and the P.R.C. should be continued was expressed," Tass said, using the initials for the People's Republic of China.

Official Chinese sources in Moscow said the two foreign ministers met for one and a half hours.

Also present at the talks, which Tass described as "a brief exchange of opinions on matters of mutual interest," was Leonid F. Nlychev, a Soviet deputy foreign minister, who last month held a preliminary round of "talks about talks" with Chinese officials in Beijing.

The last high-level Chinese-Soviet talks were held Sept. 11, 1969, when Alexei N. Kosygin, who then was the Soviet prime minister, met with Chou En-lai, the Chinese prime minister at that time, at the Beijing airport on his way back from a trip to North Vietnam.

The two sides agreed then to start border talks.

Tuesday's meeting climaxed an exceptionally warm reception by the Kremlin for Mr. Huang, who was in Moscow for the funeral Monday for Leonid I. Brezhnev.

Present Soviet moves to end two decades of bitterness and mutual recrimination go back to March 24, when Mr. Brezhnev made a strong appeal to China in a major speech delivered in Soviet Central Asia.

Diplomats said that Tuesday's meeting clearly indicated that Mr. Andropov intended to maintain the policy line established under his predecessor.

They noted, however, that Tass said only that a "political dialogue" would be continued between the two sides. It did not say exactly how the dialogue would be continued.

The stage was set for Tuesday's meeting by publication in the Communist Party newspaper Pravda of compliments paid by Mr. Huang in Beijing to Mr. Brezhnev.

Soviet television in its main evening news program showed a still picture of Mr. Gromyko apparently engaged in amiable conversation Tuesday with a smiling Mr. Huang.

Mr. Andropov singled out Mr. Huang for special treatment Monday as a Kremlin reception for foreign dignitaries after Mr. Brezhnev's funeral. Mr. Andropov held up the reception line for about four minutes as he talked with Mr. Huang.

## Legal Groups Monitor South African Justice

By Jack Foise  
Los Angeles Times Service  
JOHANNESBURG — In just over 20 minutes the other day at Langa, a black suburb of Cape Town, 12 cases were heard involving black persons charged with violating the pass laws — specifically, with being in the Cape Town area illegally.

All 12 pleaded guilty and were fined. But two managed to persuade the judge that there were mitigating circumstances, and their fines were suspended. The other 10 had no money and were taken to jail, for up to 70 days in some cases.

"An average day, so far," Joan Grover observed. She is a member of an organization that monitors what goes on in the pass courts. What happens there reflects the quality of justice for black people in South Africa.

Some blacks refuse to plead guilty, and when that happens the organization to which Miss Grover belongs goes into action.

The Black Sash, as the organization is called, generally has a representative present in the pass courts, and when a defendant says, "not guilty," that representative calls for a lawyer. About 20 Cape Town law firms keep a lawyer standing by for such work, rotating the responsibility.

A similar arrangement has been worked out in other cities, but the effort is concentrated in Cape Town, because the authorities there are particularly concerned about halting an influx of blacks.

The government is trying to keep blacks from outnumbering whites in the big cities, something that has already happened in smaller cities.

Of South Africa's 5,000 lawyers, only about 280 are nonwhite, including Indians and coloreds (people of mixed race) as well as blacks. A few of the nonwhites are advocates, lawyers who are eligible to plead cases in court, but most generally deal with lesser legal matters.

"As you might expect, we are more vulnerable than our white counterparts," Godfrey Pite said in a recent interview. Mr. Pite is president of the Black Lawyers' Association, a group almost as preoccupied with its own problems as with those of its clients.

Black professionals are not legally allowed to keep offices in Johannesburg or Pretoria. They have to sublet space from white tenants, and often pay exorbitantly for the privilege.

Most lawyers in South Africa refuse to speak out publicly on a variety of subjects. Their code of ethics prevents them from doing so. But there are some legal academics, who are openly critical of justice as it is administered here, and not only as it affects blacks.

One of the most outspoken critics is Professor John Dugard of the law school at the University of Witwatersrand, a respected legal scholar and civil rights advocate.

In 1978, Mr. Dugard founded the Center for Applied Legal Studies "to keep alive in the minds of South Africans the ideals of liberty and equality," he said. "We hope to build public support for the amelioration of repressive laws."

Mr. Dugard pointed out that the right of habeas corpus, which is a fundamental part of the English common law tradition here and is intended to protect individuals from unlawful imprisonment, has been declared inapplicable in cases involving national security.

## Kohl Says He Will Win Election And End Doubts on Missile Plan

Reuters  
WASHINGTON — Chancellor Helmut Kohl of West Germany told U.S. congressional leaders Tuesday that he expects to win an election in March and end doubts about Bonn's commitment to accepting new NATO missiles next year.

Mr. Kohl said his election strategy would be to blame the opposition Social Democratic Party for West Germany's economic ills and to stress the need for a stronger NATO alliance, according to Senator Richard G. Lugar of Indiana, who attended the meeting.

Mr. Lugar, a Republican, said that Mr. Kohl anticipated an election victory and a strong move toward implementing the missile decision.

The North Atlantic Treaty Organization's 1979 decision to deploy new missiles, if arms control talks with the Soviet Union are not successful, has sparked intense opposition in West Germany and other European countries. This has in turn led to expressions of concern by the United States that missile deployment might be canceled.

"The chancellor affirmed that that will not be so," Mr. Lugar said.

After their talks Monday, Mr. Kohl and President Ronald Reagan issued a statement saying they wanted to improve relations with Moscow.

On Monday night, Mr. Kohl said he had suggested to Mr. Reagan that the president meet with the new Soviet leader, Yuri V. Andropov, but only after careful preparation. Mr. Kohl also said that both he and Mr. Reagan had resolved to strengthen NATO to meet any threat to the Western alliance.

Mr. Kohl, whose visit was intended to enhance U.S.-West German relations, said that goal was made easier by Mr. Reagan's decision, announced Saturday, to lift U.S. sanctions against companies involved in building the Soviet gas pipeline. The sanctions had angered West Europeans.

Mr. Reagan said Saturday that the allies had reached agreement on replacing the sanctions with a pact to avoid trade that would give the Soviet bloc military or strategic advantages. Mr. Kohl said he supported Mr. Reagan's statement, but he would not be specific.

France has said that it is not a party to any such agreement.

At his congressional meeting Tuesday, Mr. Kohl said proposals in Congress to reduce U.S. troop strength in Europe by 20,000 next year would undermine force-reduction negotiations with the Soviet Union, Mr. Lugar said. There are now 355,000 U.S. troops in Europe.

The Senate Appropriations Committee has backed the troop-cut proposal, which the full Congress will take up next month.

A sensitive subject during Mr. Kohl's visit has been Bonn's decision, in view of its economic problems, to increase military spending next year by less than 1 percent after taking inflation into account.

The failure of West Germany and other allies to meet NATO's target of 3 percent annual real growth in military spending is a sore point cited by backers of the troop cut in Congress.

Mr. Lugar said Mr. Kohl had suggested that West Germany's high unemployment and inflation were impediments to military growth and that he had inherited these problems from the government of Helmut Schmidt.

**Vatican Issues Vocations Report**  
United Press International  
VATICAN CITY — A Vatican document released Tuesday said the Roman Catholic Church should improve efforts to recruit and keep more and better priests and nuns.

The document, the product of a six-day international congress held in the Vatican in May 1981, said, "The Christian community must interrogate itself in the case where one who is called does not meet his promises. His problem is not only personal but concerns the entire community. His abandonment can have devastating effects, particularly among the young."

The latest complete statistics, released in 1980, showed that the number of priests decreased 3.3 percent and the number of nuns decreased 5.1 percent between 1973 and 1978, but that the number of men who left the priesthood decreased from 3,690 in 1973 to 2,037 in 1978.

## Britain Asks Aid For Boat People In Hong Kong

Reuters  
UNITED NATIONS, New York — Britain has appealed for help in resettling thousands of Indo-Chinese refugees now in Hong Kong, where about half the refugees from Vietnam have arrived.

Peter Marshall, the British delegate in the social committee of the United Nations General Assembly, said Monday that the refugee problem in Hong Kong had worsened in recent months. Although almost 90,000 refugees in Hong Kong have been resettled, more than 13,000 are still waiting for new homes, he said.

Saroj Chavanaviraj of Thailand said more than 168,000 Indo-Chinese refugees were in holding and processing centers in his country. In addition, about 300,000 Cambodians and thousands of Vietnamese are in need of relief on the Thai-Cambodian border, he said.

Poul Harding, the UN high commissioner for refugees, said there were five million refugees in Africa, and that refugees from El Salvador made up the largest group in Central America, where 40,000 people in seven countries were receiving aid.

There are two million Afghan refugees in Pakistan, he said.

## WORLD BRIEFS

### Bush in Zimbabwe to Resume Tour

HARARE, Zimbabwe (Reuters) — Vice President George Bush arrived here from Moscow Tuesday to resume an African tour interrupted by the death of Leonid I. Brezhnev, the Soviet president.

He was met at the airport by Deputy Prime Minister Simon Muzenda and driven to the capital in an armored limousine for a courtesy call on Nolan Makombe, the acting president.

Mr. Bush, who is scheduled to stay in Zimbabwe for two days, will confer with Prime Minister Robert Mugabe who earlier complained about U.S. reluctance to be tough with South Africa over independence for South-West Africa, which is also known as Namibia.

### Fighting Erupts in Lebanese Town

BEIRUT (AP) — Rightist Christian and leftist Druze Muslim militiamen battled Tuesday with mortars and machine guns in the streets of Aley, 7.5 miles (12 kilometers) southeast of Beirut, prompting Israeli troops to enter the town and order a curfew, radio stations reported.

The radio said the sectarian outbreak came to a halt two hours after Israeli armored forces intervened, blaring appeals for a cease-fire through bullhorns.

There was no immediate report on casualties in the latest fighting in the central Lebanese mountain town.

### Rebels Said to Escalate Kabul Attacks

NEW DELHI (WP) — Afghan guerrillas escalated their attacks in Kabul last week, bombing four restaurants frequented by Communist Party officials and Afghan security police and conducting a number of daytime assassinations. Western diplomatic sources and Afghan exile leaders here said Tuesday.

The attacks were carried out despite tightened security in the capital for two international conferences and reflected an increasing boldness by the Afghan rebels as the focus of the guerrilla war shifts away from the countryside during the winter months.

Diplomatic reports from Kabul said four bombs exploded within 45 minutes in the restaurants, killing 15 to 30 persons. Western diplomats also said that Nur Ahmed Dalili, a former deputy minister of transport, was shot to death last week. An armed guard was also reported killed, as was the son of the director of the Education Ministry's planning department. And on Nov. 8, six policemen were killed in a clash with rebels in Kabul, the reports said.

### Pershing Missile Funds Cut in House

WASHINGTON (UPI) — A House of Representatives subcommittee has voted to cut production funds for the Pershing-2 medium-range missile, which the administration wants to deploy in Europe, the chairman said Tuesday.

The action Monday by the Appropriations subcommittee on defense was the first of several expected assaults on President Ronald Reagan's military spending plan for 1983.

The subcommittee's chairman, Joseph P. Addabbo, said in opening remarks Monday that some "big ticket" items would have to be cut. The New York Democrat said Tuesday the committee had voted to eliminate production funds for the Pershing-2 missile, which has had two recent failures in test firings.

### For the Record

BELFAST (UPI) — In an apparent sectarian murder, two youths shot to death a storekeeper here Tuesday, police said. Patrick J. Murphy, 64, was standing behind the counter of his fruit and vegetable store in south Belfast when the youths walked in, their faces covered with scarves, a police source said. They fired several shots at close range. Mr. Murphy was a Roman Catholic but lived in a Protestant area.

WASHINGTON (UPI) — James P. Prior, Britain's secretary for Northern Ireland, who is currently visiting the United States, is pleased with efforts by the Reagan administration and U.S. law enforcement agencies to stop the illegal transfer of arms from the United States to the Irish Republican Army, a spokesman for the British Embassy said Tuesday.

WASHINGTON (AP) — The air force has grounded 500 F-15s; its most advanced jet fighters, to determine whether key tail parts must be replaced because of excessive wear, officials said Monday. The grounded fighters represent about 80 percent of the total F-15 force of 632 planes stationed in the United States and abroad.

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## Italy Suffers Plague of Sophisticated Thieves

The Associated Press  
ROME — "This time they really crushed me. I'm packing and leaving for Paris," Renato Attanasio, an antique dealer, said after being robbed for the third time in a decade.

The thieves, using sophisticated tools, cleaned out his elegant antique store on central Via del Corso. In what a detective described as "sheer luck," police later recovered most of the 72-year-old merchant's treasures.

But Mr. Attanasio has had enough. "This is the most beautiful country in the world, but we can't work here any longer," he said. "It's futile to fight against criminals, it's hopeless."

Throughout Rome, at parties and in the workplace, talk of crime has eclipsed food and politics as the dominant subject of conversation.

Dozens of magnificent villas and large houses on Rome's fashionable old Appian Way sit empty for months, abandoned by owners or rejected by would-be tenants for lack of security. "The fear of theft has turned these beautiful villas into ghost houses," says Edoardo de Sanctis, a real estate broker.

In a recent European opinion poll sponsored by the International Herald Tribune and the Atlantic Institute, 62 percent of the Italians questioned listed crime as the greatest concern for themselves and their country, the highest percentage in Western Europe.

In 1981, Italian police reported 1.3 million robberies, car and apartment break-ins and purse snatchings — up from 550,000 in 1970. In the first five months of this year, nearly 600,000 thefts were reported, almost 100,000 of them in Rome, a city of 3 million inhabitants. Police officials say, however, the real figure is at least two or three times higher because many residents do not report thefts.

Police officials say thieves are using increasingly sophisticated tools and methods and purse snatchers have become more daring and cunning.

In one recent case an elegantly dressed man got out of his French car near the crowded Spanish Steps and shouted at a young woman as he grabbed her mink coat. "My dear, I told you not to wear the fur coat when you go out alone. Give it to me." The woman screamed, but passers-by told police they thought he was her husband.

Many of the crimes happen at such well-known places as St. Peter's Square, the Colosseum area and on shopping streets of Via Veneto and Via Sistina.

West German Embassy officials reported that more than 2,000 West Germans had their passports stolen last year in the Rome area.

Police officials say, however, their main concern is the increasing number of professional thieves who go after big hauls in jewelry and antique stores, art galleries, churches and safe deposit boxes.

Rome's Il Tempo reported that burglars who stole valuables from a heavily fortified jewelry store in central Rome left behind their tools worth more than \$5,000, including high-quality blow torches, low-noise drills, vacuum cleaners and two-way radios.

Several days later, at least five thieves broke into a bank near the Vatican after neutralizing three different alarms, spent the night rifling through nearly 1,000 safe deposit boxes and fled the next morning with loot that police estimated was worth more than \$10 million.

Unsecured churches, many of them old and filled with paintings and other works of art, have become frequent targets of burglars. In Turin, thieves stole 1,500 items in 68 break-ins in 1981.

Since last year, museum and monument guards in Italy have carried weapons in a move to cut down on art thefts.

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# Why the blue box became a bluer chip

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# Reagan Team Has Cut Amount of Data Open to Public on Government Affairs

By David Burnham  
New York Times Service  
WASHINGTON — In its first 21 months in office, the Reagan administration has taken several actions that reduce the information available to the public about the operation of the government, the economy, the environment and public health.

The actions have included increasing the authority of government officials to classify data, cutting back on the collection of statistics, eliminating hundreds of government publications and reducing the staff of the National Archives.

As critics increasingly question both the actions and the motives for them, President Ronald Reagan and his aides justify them on many grounds: slashing the cost of government, meeting the requirements of law, improving national security and curbing what they view as inappropriate promotional activities by the government. The officials also note that

some of their efforts stem from developments that began long before Mr. Reagan entered the White House.

"There is no central directive to cut back on the availability of information, and the effects of the isolated events such as the reduction of publications have not been that great," said Larry M. Speakes, the deputy White House press secretary.

Jonathan Rose, an assistant attorney general involved in the administration's effort to reduce the scope of the Freedom of Information Act, also said there was no unified effort to restrict the flow of information.

Among the critics is Representative Charles Stenholm, Democrat of Oklahoma, the chairman of the House subcommittee on information and individual rights, who said, "It's politics, nothing but pure and simple politics."

"All administrations try to control information for their own political purposes. The difference with the Reagan team is the degree of effort, being put into reaching this goal. Mr. Reagan's people want to provide the American people with less information about their activities so they cannot be held accountable."

Some of the actions to control information date from earlier administrations and some were mandated by Congress.

Beginning when President Jimmy Carter was in the White House, for example, Admiral Bobby R. Inman, as director of the National Security Agency, initiated a drive to convince scientists working on information-coding methods that they should not publish their research until the reports had been reviewed by the government. The effort succeeded; most of the nation's cryptologists are now submitting their scientific papers to the NSA before publishing them.

Admiral Inman, who went on to serve in the Reagan administration as deputy director of the Central Intelligence Agency, also sought to expand the areas in which researchers would allow the government to censor privately financed papers. Too much material, he contended, was reaching the Soviet Union, where it was helping the Communist nation to strengthen its military forces.

The continuing effort to impose restrictions on research that is not supported by the government has upset many in academic circles. A subcommittee of the American Association of University Professors reported in the September-October issue of the group's magazine that the trend toward tightening controls appeared to foreshadow "a significant infringement" of academic freedom.

Also of concern to many academics is the budget-cutting at the National Archives, where more than three billion census reports, court documents, diplomatic letters and other government papers are stored for examination by scholars and by people trying to trace their family histories. In the last year, a substantial cut in the number of archivists and support personnel has meant a 60-percent decline in the rate at which old government documents are declassified.

## U.S. Bishops Debate Letter on Nuclear War

By Marjorie Hyer  
Washington Post Service  
WASHINGTON — A number of American Roman Catholic bishops have registered disagreement with the draft of a proposed pastoral letter condemning nuclear warfare.

But as the National Conference of Catholic Bishops began a private debate on the most controversial position paper the group has ever produced, it was not clear whether the majority wants it softened or toughened.

The bishops began their four-day annual meeting Monday by plunging immediately into consideration of the proposed letter that, in its current form, declares immoral any first-strike use of nuclear weapons and holds that a policy of nuclear deterrence is valid only when coupled with aggressive arms reduction negotiations.

"The arguments against the threat of using a nuclear weapon fail to mention the proportionality of the aggression and repression of the Red," he said.

At the other end, Archbishop Raymond G. Hunthausen of Seattle, an outspoken opponent of nuclear weaponry, wanted the final statement to "call on our people and government to begin to lay down our nuclear arms now, regardless of what others do," and to pledge church support, "materially and spiritually," for individuals who, like himself, practice civil disobedience to oppose the nuclear arms race.

Archbishop Hunthausen, who has withheld a portion of his income tax to protest nuclear armament, received sustained applause from his fellow bishops.

Reports from closed discussions indicated that many of the participants registered "significant differences" about how to handle the document. The document is to go through one, possibly two more revisions, based on bishops' criticisms, before being presented to the hierarchy for final action, probably at a specially called meeting next May in Chicago.

Denouncing "selective reverence for human life" as "a kind of contradiction in terms," he said the

## Republican Governors Say Losses Were Result of Reagan's Policies

By David S. Broder  
Washington Post Service

KANSAS CITY, Missouri — Republican governors, their ranks thinned by the Nov. 2 midterm election, turned on President Ronald Reagan's representatives here and blamed their losses on the nationwide unemployment problem and administration policies that are "scaring people to death."

Governor William Janklow of South Dakota, a conservative Republican, used that phrase Monday in disputing the claim of Richard B. Wirthlin, the White House pollster, that there is broad public support for Mr. Reagan's policies and that the Republican Party faces "no problem that can't be solved by a 3-percent growth rate."

The 19 Republican governors gathered here — almost a third of whom will not be back in office next year — listed a dozen other concerns, ranging from huge federal budget deficits, excessive military spending and a general perception that "Republicans care only about the rich" to antagonism of minorities and women, tolerance of narrow-focus, negative campaign groups, and what Governor Janklow called "screwball ideas" for changing Social Security.

The public spanking of the administration by the Republican governors marks a political turning point. For the last two years, while some of them had grumbled privately about Mr. Reagan's spending priorities, they had strongly supported his efforts to slow the growth of the federal budget, cut taxes and shift programs back to the states.

Richard S. Williamson, the assistant to the president for intergovernmental relations and the ranking administration official at the meeting, attributed the critical outburst to "nervousness about the election results," which reduced the number of Republican governors from 23 to 16 and left several of the survivors severely shaken.

"There's a lot of frustration," Mr. Williamson said, "and the administration is an easy target."

Mr. Williamson began the session with a claim that the election was "a watershed." While the president was "very disappointed" with the loss of seven governorships, he said, the attrition rate among Re-



Supporters rallying outside a political party headquarters in São Paulo on Monday.

## U.S. Looking for Ways to Thwart Tax Evasion by 'Overseas Investors'

By Robert L. Jackson  
Los Angeles Times Service

WASHINGTON — As regular as the seasons, dividend checks and interest payments from U.S. corporations and financial institutions flow out to millions of American stockholders and savers and to thousands of individuals and small investment companies abroad.

But recently, U.S. investigators have begun to discover that some foreign investors are not quite what they seem. Far from being frugal citizens of other countries, many "overseas investors" are actually Americans evading taxes on interest, dividends, royalties and similar earnings.

The loss to the Treasury Department is as much as \$1 billion a year, according to congressional estimates.

In the months ahead, use of overseas tax shells is likely to grow, some officials fear, because of new rules to increase the efficiency of tax collection on interest and dividend income.

Under federal law, Americans must pay income taxes on dividends and interest earned each year. Since collection of these taxes has never been as effective as taxes withheld automatically from pay checks, Congress last summer passed a law requiring banks, corporations and other institutions to withhold 10 percent of most interest and dividend payments automatically, beginning in July.

However, for many investors who are citizens or residents of the 50 countries with which the United States has a tax treaty, little or no U.S. tax is required.

As a result, investigators say that by posing as a foreign citizen or foreign investment company some Americans can avoid U.S. taxes on interest and dividends almost entirely.

The Treasury Department, fearing that the new U.S. rules will stimulate tax evasion, has stepped up scrutiny of foreign investors. Recently, the commerce, consumer and monetary affairs subcommittee of the House Government Operations Committee completed its investigation into the tax-evasion question.

The subcommittee found that foreign "investment companies" can turn out to be the paper creations of well-to-do Americans. The method affects not only interest income received from U.S. banks and loan associations, the congressional study showed, but also rent and royalty payments originating in the United States.

Normally, U.S. financial institutions are required to withhold for taxes 30 percent of interest and dividend payments to foreign citizens, except for citizens of countries having a joint tax treaty with the United States. For them, the tax owed may be no more than 5 percent and is often nothing.

Congressional and Treasury officials claim that the most popular jurisdictions for withholding tax evasion are Switzerland, the British Virgin Islands and the Netherlands Antilles.

Officials of the Internal Revenue Service, although refusing to give details, said that they are investigating a tax-shelter scheme centered in California in which \$45 million in interest payments was funneled tax-free through a single company in the Netherlands Antilles. Criminal indictments are expected, the officials said.

Alan W. Granwell, the Treasury Department's international tax counsel, agreed with congressional investigators that the Netherlands Antilles may pose a larger problem for tax evasion than Switzerland. Negotiations between the United States and the Netherlands Antilles are under way in Washington.

Mr. Granwell said the Treasury Department has served notice on the British Virgin Islands that the United States will terminate the tax treaty on Jan. 1 because negotiations to eliminate tax abuses had broken down. Similar action could be taken against the Netherlands Antilles, he said.

Harold Henriquez, the Antilles' top diplomat in Washington, said no such drastic step is needed. He insisted that the Antilles are much more a center for international finance than a haven for tax dodgers. But under the treaty, tax fraud by individual Americans has grown sharply, congressional investigators say.

Representative Benjamin S. Rosenthal, Democrat of New York, who headed the subcommittee investigation, strongly recommends that U.S. banks and thrift institutions be required to withhold taxes on all interest and dividends paid in the Antilles, Switzerland and the British Virgin Islands.

If the recipients are indeed foreigners, they can obtain written proof from the tax-treaty country and apply to the Treasury for a tax refund, Mr. Rosenthal said. But he believes immediate withholding would eliminate most treaty abuses.

"We do feel the present system needs improvement," Mr. Granwell said.

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## U.S. Starts Trial of Ex-CIA Agent Accused of Giving Guns to Libya

By Stuart Taylor Jr.  
New York Times Service

ALEXANDRIA, Virginia — The first of four scheduled trials of Edwin P. Wilson has begun here with a federal prosecutor asserting that the former U.S. intelligence agent had provided weapons to the Libyan government in return for money and a defense lawyer saying that Mr. Wilson had been trying to help the Central Intelligence Agency.

The United States will prove that Edwin Wilson was motivated by greed, specifically his hopes of obtaining a \$22-million contract for weapons and services with the Libyan government of Colonel Moammar Qadhafi, said Theodore S. Greenberg, the chief prosecutor in the case, in his opening statement to the jury Monday in U.S. District Court.

Herald Price Fahringer, the chief defense lawyer, responded, "Mr. Wilson, in good faith, in dealing with the CIA, felt that he had the apparent authority to bring these weapons over there either with or without a license."

He said Mr. Wilson, who had left government service as an intelligence agent to become an international businessman, was in touch with top officials of the intelligence agency and that his deal with the Libyans was to trade an M-16 automatic rifle and some pistols for Soviet military equipment and intelligence information sought by the CIA.

Mr. Wilson said he had been in lieu of bonds totaling \$60 million. In addition to the trial here, he faces one scheduled to begin next Monday in Houston and one in Washington set for January, both in connection with federal charges that he provided weapons and expertise to Libya for terrorist activities. In a fourth trial to be held in Washington, Mr. Wilson is charged with directing an unsuccessful scheme to assassinate a Libyan dissident in Egypt.

This case, with Judge Richard Williams presiding, is based on an eight-count indictment charging Mr. Wilson with heading a conspiracy to smuggle three pistols to Libyan agents in Bonn and with smuggling an M-16 rifle to Libya in 1979, in violation of federal regulations covering the transportation and export of firearms.

Prosecutors have said that one of the pistols was used in the assassination of a Libyan dissident in Bonn in May 1980. If convicted on all eight counts, Mr. Wilson could face a total of 44 years in prison and \$245,000 in fines.

Monday afternoon, prosecutors called 10 witnesses to testify about the mechanics of the purchase and transportation of the four guns. Among the witnesses were three persons who said they had worked in the United States and London for Mr. Wilson's varied enterprises in 1979 while he was in Tripoli, the Libyan capital.

Mr. Fahringer, in his opening statement, conceded that Mr. Wilson had provided the four guns to the Libyans, but said it was part of a larger plan to collect information for the CIA on Soviet military equipment supplied to Libya. The government has repeatedly denied any role in Mr. Wilson's activities in Libya.

## First Returns In Brazil Give Leftists Lead

Opposition Candidates Ahead in Biggest State

United Press International  
RIO DE JANEIRO — Early returns Tuesday in Brazil's first nationwide free elections in almost two decades pointed to leftist victories in São Paulo and other key states.

Because of a complicated straight-ticket voting system, the final results in the 23 state governor races, in which an estimated 50 million people voted, was not expected for days or even weeks.

But in some districts, officials opened ballot boxes as the polls closed at dusk Monday. These scattered overnight counts indicated that the center-left opposition candidate, Franco Montoro of the Brazilian Democratic Movement Party, would sweep São Paulo, Brazil's biggest state, with 45 percent of the vote.

The early returns showed Mr. Montoro's closest rival, the pro-government candidate, Reynaldo de Barros, getting 30 percent.

In Rio de Janeiro, an election-eye survey showed that Leonel Brizola, a Socialist returning from political exile, had emerged as the front-runner with 31.3 percent of the vote to 26.8 percent for the government candidate, Moreira Franco.

But the same poll showed the government marginally ahead in two other key states, Minas Gerais and Rio Grande do Sul, although in both cases the margin of victory was less than 2 percentage points.

The survey also showed the government solidly ahead in Bahia, the biggest state in the country's poor northeastern region.

It was the first nationwide election since 1965, when the military government, which had taken power in 1964, was displaced with the results and put off elections for 17 years.

But despite the early leads by the center-left party, polls have said the government should elect enough representatives to control the electoral college, which in 1985 will choose a successor to President João Figueiredo.

"We have never seen such enthusiastic election participation," Ulysses Guimarães, president of the Democratic Movement Party, said early Tuesday. "It was a party, a real party of happiness."

Mr. Brizola called the elections "very important," adding, "Brazil will not be the same country after today. This is the beginning of the end of the night that fell on us."

Heavy turnouts, up to 90 percent in some areas, were reported as voters went to the polls to elect 22 state governors, 25 senators, 479 congressmen and thousands of mayors and town council members.

Voting is compulsory and Brazilians traveled by foot, mule, Amazon riverboat, car or bus to get to the municipality where they were registered. The voting passed without violence.

## Hungarian Chief to Turkey

ANKARA — Prime Minister Georghi Lazar of Hungary will visit Turkey Nov. 22-24, the Foreign Ministry has announced.

## U.S. Agencies Diverted Volcano Relief Funds

By Ernest Holsendolph  
New York Times Service

WASHINGTON — Six federal agencies overestimated the amount needed for relief after the eruptions of Mount St. Helens in 1980 and then channeled that money into other projects, the General Accounting Office has reported.

The Small Business Administration received the largest amount of diverted relief funds, more than \$360 million.

Others that overestimated the cost were the Soil Conservation Service, the Federal Emergency Management Agency, the Department of Education and the Agricultural Stabilization and Conservation Service.

By December 1981, the report said, only one agency, the Soil Conservation Service, specifically had set aside its surplus of \$10 million in case the volcano erupted again, which it has.

"The Department of Education was the only agency that let a substantial portion of its leftover disaster funds expire and refer to the Treasury," the accounting office reported.

Such agencies as the Corps of Engineers, the U.S. Geological Survey and the Centers for Disease Control were left to scramble for funds while others were awash in the surpluses. Most of the agencies with surplus funds spent the money for other disasters or plan to do so, the accounting office said.

"Because nearly all of the appropriated funds have been spent, or at least have not been set aside for the disaster," the accounting office said, "any future Mount St. Helens recovery work will have to be funded through additional appropriations or other legislative action."

فكنا من الأحول



## ILO's Push on Rights Reaches Critical Point After Walesa Release

By Ian Guest  
International Herald Tribune

GENEVA — Efforts by the International Labor Organization and its member governments to improve human rights in Poland and the Soviet Union are reaching a critical point following last week's release of Lech Walesa, the Polish trade union leader.

These efforts have now been under way for almost three years, during the rise of the Solidarity trade union and open defiance after the declaration of martial law in Poland and the suppression of free trade unions in the Soviet Union.

### NEWS ANALYSIS

Last week the ILO again shifted, suddenly and unexpectedly, away from confrontation. Its officials accepted an invitation to inspect working conditions on the controversial Siberian natural gas pipeline, and a key ILO human rights committee recommended against the establishment of a special commission of inquiry into Poland.

The committee's recommendation will be debated in public on Thursday by the ILO's governing body. Its acceptance is a formality, but it is certain to be controversial.

A commission of inquiry is the agency's ultimate sanction, and it has only launched six in its 63 years of existence, the latest into the working conditions of Haitian sugar workers. But since Solidarity was dissolved, Western trade union bodies and even Solidarity's exiled representatives have favored such an inquiry into Poland.

The committee, which meets regularly to review trade union freedom, comprises three government members, three employers and three unionists. Sources here say that in deciding last week to recommend against an inquiry, the panel was swayed by the government members from India and Argentina, who both warned of the risks of a complete break with Poland.

But it also appears to have been influenced by the Polish government. The Polish vice minister of labor, Krzysztof Gorski, appeared before the committee and warned that Poland might withdraw from the agency if the inquiry went ahead.

He followed this up immediately, however, with a conciliatory letter promising that Mr. Walesa would be freed at any moment and pointing out that this had long been a key demand of the ILO.

A further factor in the decision is thought to be the fear of a Soviet withdrawal of its recent invitation to visit the Siberian pipeline. The offer is seen here as confirming the ILO's importance as a forum for East-West debate.

It came in an Oct. 25 letter from Vassili Prokhorov, vice president of the central council of Soviet trade unions, inviting the ILO to send a senior official and one or two assistants to examine "conditions of labor and life of Soviet workers" on the pipeline.

The exact details of the mission — how long it will last, and which sites will be visited under what conditions — are now under discussion. These are seen as vital if the ILO is not to be charged with a whitewash.

One aim of the invitation is thought to be to head off growing pressure from Western trade unions, led by the Brussels-based International Confederation of Free Trade Unions.

In recent months the unions have broadened their campaign within the ILO against both Poland and the Soviet Union on the issues of union suppression and forced labor.

Forced labor is outlawed under ILO Convention 29, which both Poland and the Soviet Union have signed. In August the federation entered a complaint charging that 90 percent of the 100,000 prisoners at work on the pipeline were political prisoners.

If this complaint goes through normal ILO channels, it will get a protracted — and public — airing. But some feel it could be diluted by the dialogue between the ILO secretariat and the Soviet government.

On Poland, the federation had planned to lodge a complaint against the recent laws against "parasitism," which require people to work and which are, in the view of legal experts, equivalent to forced labor. But this, too, risks compromise by the improving relations between the ILO and Polish government.

## 1,627,959 Yeas, 1 Nay In Albania's Election

VIENNA — Only one voter out of Albania's 1,627,958 cast a negative ballot in parliamentary elections Sunday, an official communiqué said Tuesday.

Eight ballots were found invalid, but the remaining electors all voted for the single officially approved candidate in each of the republic's 250 electoral districts, the Central Electoral Commission reported. It said the turnout was 100 percent and took place in an atmosphere of "great political and revolutionary enthusiasm."

## French Employers Group Withdraws From Unemployment Benefits Fund

PARIS — The French employers association announced Tuesday that it would withdraw from a 24-year-old agreement under which it administered the state unemployment fund, known by its acronym UNEDIC, jointly with labor unions.

The employers' decision followed failure to agree with the unions on economic measures. It aggravated a crisis over the fund that was precipitated by France's high level of unemployment, now at 2 million.

The employers' decision to withdraw means that the government will take over responsibility for the fund. Unemployment payments are not expected to be affected.

Social Affairs Minister Pierre Bérégovoy last month imposed higher contributions to the fund by both employers and employees after they had failed to agree on measures to plug an expected 30-billion-franc (\$4-billion) deficit next year.



TRIBUTE TO THE DEAD — A Scots Guards piper played on the dock as a flag-draped casket carrying coffin of men killed in the Falklands conflict was unloaded on Tuesday in Southampton, England. The 64 coffins were shipped to Britain aboard the Sir Belvedere.

## Hungary's New Work Collectives Create Profits and Some Protests

By Dan Fisher  
Los Angeles Times Service

BUDAPEST — Every day, at roughly 2:30 P.M., Mikaly Body slips out of character as a production coordinator at the big Ikarus bus factory here and becomes an entrepreneur.

But unlike tens of thousands of other "moonlighting" Hungarians, what Mr. Body does is not only profitable but perfectly legal.

Mr. Body, 30, is a member of a so-called economic work collective, one of the latest wrinkles in Hungary's economic reform. Such collectives allow workers to form small companies and, after putting in their usual day on the job, to sell their services to their employers on a contract basis.

The work collectives, which were legalized in January, are highly controversial but also highly significant, politically as well as economically. If they work out as planned, they could bring the benefits of Hungary's economic reform to a large number of workers who have been excluded — workers who have been an important center of anti-reform sentiment.

With the collectives, the government hopes to tap private initiative to plug production gaps and improve services.

Collectives are formed by workers at the plant where they are employed, usually in areas where skilled labor is in short supply. The collective acts like any outside supplier but does the work inside the plant and uses the plant's equipment. In some cases, depending on the terms of the contract, it pays for the use of the facilities. Once the contract is fulfilled, the collective may sell its services elsewhere.

The government limits the collectives to no more than 30 members each and requires that taxes be paid on profits, though there is in theory no limit on how much a collective can make. After-tax profits are divided among the members.

From the management point of view, the arrangement is better than hiring outsiders, because the work is done at the plant and by

workers with known skills. Also, according to Istvan Sevesk, a spokesman for the Ministry of Industry, it gets around a trade-union limit on the amount of overtime employees can work.

For the worker, the incentive is money.

Mr. Body said that his collective at the Ikarus factory has been in existence since early September, but has not distributed any profits yet. But members of a collective at the Danubia Tool & Machine Works are reportedly making up to four times as much after hours as the 15 to 20 forints an hour (45 to 60 cents) they are paid for regular time.

This disparity in regular pay and overtime has led to controversy. Officials of the ruling Socialist Workers' Party say that if the factory can afford to pay so much for overtime it cannot improve regular wages.

Moreover, critics of the system argue that it encourages workers to loaf on their regular shifts so that they can conserve energy for overtime work.

It is the smaller enterprises and the younger workers who have been best able to profit from the greater freedom offered by the reforms, and as a result the larger enterprises and their workers have in many cases been left behind.

But as the situation at the Ikarus factory shows, the work collectives have a potential for larger enterprises, too. Gyimébi Csaba, an at-

torney for Ikarus, said 25 collectives are planned at the factory, which has 10,500 employees.

But criticism of the approach indicates that the jury is still out.

Over the last three years, price increases have cut sharply into personal incomes. But the latest economic reforms, which are intended to encourage private initiative in a number of fields, fuel the growing, and politically dangerous, gap between Hungary's rich and poor.

Ivan Berend, an economic historian, characterizes this latest phase of the reform as the legalization of the so-called second economy, black market and gray market activity that is typical of Eastern bloc economies. Individuals provide products and services that are difficult or impossible to obtain officially, and at uncontrolled prices.

The weakness of this phase, Mr. Berend said, is that it "could cause a certain tension; it causes a differentiation of incomes."

Such a trend can be politically explosive in Eastern Europe. Janos Berocz, editor of the Communist Party newspaper People's Freedom and an influential member of the party's Central Committee, said there is already "a certain degree of social tension."

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## 8 Die in U.S. Plane Crash

United Press International

MARTINSVILLE, Virginia — Eight persons aboard a crashed plane were found dead Monday after a Soviet satellite picked up an emergency signal from the plane's wreckage. The single-engine plane crashed shortly after takeoff Sunday from Blue Ridge Airport.

## Hussein Bars Resignation, Vows To Continue Fight Against Iran

By Robert J. McCartney  
Washington Post Service

BAGHDAD — President Saddam Hussein of Iraq vowed Tuesday to lead his country in its war with Iran for 10 more years rather than step down to satisfy one of Tehran's key peace demands.

"It is not a personal matter. It is a matter that is national," the president said. "We have nothing before us except to fight."

At a news conference with visiting U.S. correspondents, Mr. Hussein accused the United States of trying to harm Iraq by doing nothing to stop the war.

Western diplomats expressed surprise and concern at Mr. Hussein's remarks.

The diplomats said that his criticism of the United States was the harshest in a year and that it suggested that Mr. Hussein was seeking to pressure Washington into somehow convincing Iran to call off its attacks.

Mr. Hussein charged that the Soviet Union was also refusing to help bring the war to a close. The 10-year Soviet-Iraqi friendship treaty had failed to work, he said.

Mr. Hussein's comments appeared to reflect a growing sense of isolation and helplessness now that his country's invasion of Iran has misfired. Iranian troops, after forcing Iraqi forces to withdraw from virtually all of Iran in June, are now poised on the border and threaten an invasion.

Mr. Hussein said that his country had "tried all means" to end the war.

On Monday night and Tuesday morning, Iraqi forces repelled an Iranian advance near the border town of Mandali, 75 miles (120 kilometers) northeast of Baghdad, according to reports from both sides.

An Iraqi commander said that his troops had crushed a five-pronged Iranian assault that was aimed at pushing through a valley and entering Iraq. He said 3,400 Iraqis had been killed.

Mr. Hussein said that Iraq had "annihilated" a major Iranian offensive in the area.

Iran has set several conditions for ending the war, among them Mr. Hussein's removal. Western and Arab diplomats and other observers believe a negotiated settlement might be easier if Mr. Hussein were removed.

Ayatollah Ruhollah Khomeini is believed to hold a personal grudge against Mr. Hussein, both because the Iraqi president launched the invasion in 1980 and because he expelled the ayatollah from Iraq four years ago in an effort to preserve good relations with the shah, Mohammed Reza Pahlavi.

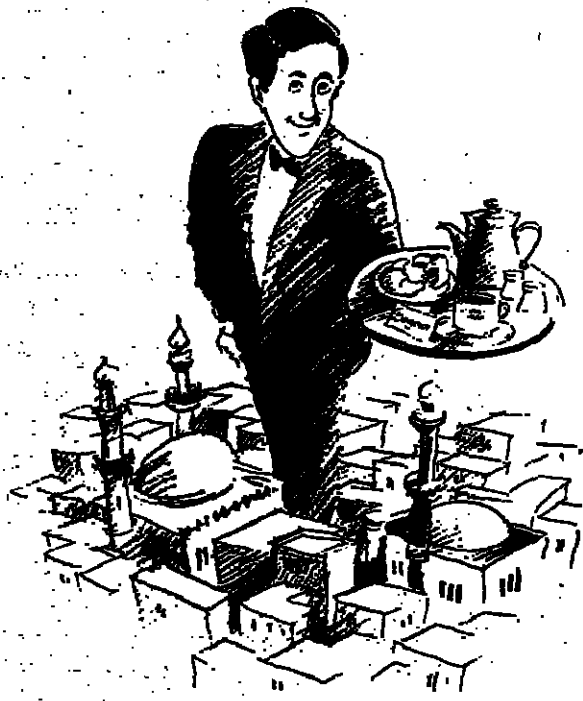
Diplomats and businessmen here say that most Iraqis would be happy to see Mr. Hussein go if it would mean the war could end. Casualties have been heavy, and the economy has deteriorated steadily.

Mr. Hussein declared that he would remain in office even if the war "lasts for another 10 years." He considered the demand for his removal "silly," he said.

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# Herald Tribune

Published With The New York Times and The Washington Post

## The Pipeline Pipe Dream

Why did President Ronald Reagan decide to lift his sanctions against European and American companies aiding the Soviet gas pipeline? For all the complicated, divergent explanations, there is one simple, overriding reason: The sanctions did more damage to the West than to the Soviet Union. Though allies may be led, they could not be forced to follow the American effort, misguided from the start. So there is little reason to cheer the president's belated move, welcome as it is.

Secretary of State George P. Shultz deserves much of the credit for the formula that enabled Mr. Reagan to back down without losing too much face. But credit also goes to the European Community and to the countries that took part in the Versailles summit. They found language to paper over the dispute. The French, who made the major fight against concessions, had far more support from their partners than Washington seems prepared to acknowledge.

Mr. Reagan chose to give priority to domestic political needs. He justified lifting the sanctions by claiming that the allies had agreed to "stronger and more effective measures." In fact, as Prime Minister Margaret Thatcher has noted, there are no "fresh commitments" by the Europeans beyond those made at Versailles in June, only some general principles and new studies.

The Europeans remain unwilling to reduce

nonstrategic trade or further to restrict the terms or volume of credit for the East. They rejected U.S. proposals for a no-subsidy policy in trade with the East, pointing out that American grain exports are subsidized. But they did agree to avoid "preferential" treatment for communist countries.

Behind all this lies a fundamental disagreement. The White House and Pentagon deny that they believe the Soviet Union can be "brought to its knees" by economic pressure. Yet they argue that the Soviet economy is so weak that if it is denied Western financial and technological help, the Kremlin would have to divert resources from military to civilian efforts.

We are skeptical. For one thing, sanctions are not merely acts of detached policy; consider also politics, like the farm pressures that led Mr. Reagan to allow grain exports to the Russians. In any case, Western imports represent a tiny fraction of the Soviet gross national product. The Kremlin has always been able to restrict consumption as needed to finance industrial and military investment.

It is tempting to believe that the West can use its economic strength to moderate Soviet conduct. But sanctions like these rarely succeed. They impose a cost few countries will accept. And they strain the Western alliance. This pipe dream is not worth the price.

—THE NEW YORK TIMES.

## The Challenge for GATT

At the end of this month, in Geneva, trade ministers from most of the world's governments will convene to begin revising the rules of international commerce. The organization is called GATT, the General Agreement on Tariffs and Trade, and for nearly 40 years it has worked quietly to expand trade by upholding an accepted code of conduct.

It called the coming meeting to renew the momentum toward wider trade. But, with the deepening recession, the trend to protectionism is accelerating, and the free-traders have belatedly realized that they are going to have to struggle desperately to keep GATT from backsliding and building more barriers.

World trade has been one of the great engines driving economic growth and raising standards of living since World War II. Total economic output of the industrial countries, taken together, has doubled over the past 20 years. One reason is that, in the same period, the volume of their exports and imports has

risen by 312 times, steadily pushing toward greater national specialization, better use of resources and higher earnings.

But trade, in times of high unemployment, is pure torment to politicians. Foreign imports jeopardize domestic jobs. True, they also usually promise more and better jobs in growing export industries. But in a recession, it is the endangered job that draws attention and sympathy. Future jobs in exports always seem very distant and uncertain. New industries, full of self-confidence, look to themselves. But the dying elephants all come trailing lugubriously to Washington.

The ministers at Geneva are going to have to wrestle with a paradox carrying enormous consequences: The protection of industries kills economic growth. They are going to have to keep losing some jobs at home to imports if the industrial countries are ever going to cut their unemployment rates.

—THE WASHINGTON POST.

## Argentina's 'Reappeared'

After the war in the Falklands, sun and shadow contend in Argentina. A discredited junta is doing what it should have done years ago: agreeing to yield power to civilians. Political argument has revived, and even Peronists no longer seem so demagogic. Elections are promised for March 1984. Political parties are back in the sunlight where they rightfully belong.

But something else is also coming to the revealing light of day: some 1,500 unidentified bodies, remains of a state of siege when at least 6,000 Argentines "disappeared." They are the presumed victims of a wave of terrorism that followed the downfall of President Isabel Peron in 1976. The darkness cannot truly lift until a way is found to identify the dead—and their killers.

The ruling junta, understandably nervous, now asks political leaders to agree to "guidelines" that could amount to granting the armed forces absolute impunity. There is an implicit threat: The military will not let go if it feels any heads will be at risk. Ominously, the junta has suspended three magazines as a warning to a press that is now asking questions about those bodies.

Silencing the press will not silence questions, nor can a future government fairly be bound to look the other way. Argentina pays heavily in world regard for the crimes whose evidence is now being shoveled from the earth. The redemption of Argentina's name, and its hopes for a return to the rule of law, hinge on a full inquiry.

—THE NEW YORK TIMES.

## Other Opinion

### Jaruzelski's Gamble

Since Mr. Walesa has firmly ruled out any gentleness on his part, a settlement acceptable to both sides will be far from easy. In view of Mr. Walesa's tremendous emotive hold on the Polish mind, his release itself might unleash forces that have been dormant over the past year. General Jaruzelski's latest move looks like a bit of a gamble.

—The Statesman (Calcutta).

### Pipeline Differences

From the beginning it was clear that Mr. Reagan had made a bad move. The embargo, which resulted from a personal decision of the president taken against the advice of most of his counselors, caused more harm to that which it was supposed to have reinforced—the cohesion of the Atlantic alliance—than it did to the Soviet Union, which it was supposed to have punished.

Everyone realized that the officially stated reason—the military coup in Poland—was only a pretext that the hardliners in the president's entourage seized upon to push their ambitious goal: bringing the Soviet Union "to its knees" by aggravating its economic difficulties and cutting it off from its sources of foreign currency.

European countries do not share this ob-

jective. They opposed it even more strongly because the American president granted to his farmers, in authorizing large-scale grain sales to Moscow, the advantages that he denied to exporters of (pipeline) equipment. But among the exporters were his own industrialists. One might suspect that their opinion was a determining factor.

—Le Monde (Paris).

### The GATT Talks

Real danger exists that the ministerial meeting on the General Agreement on Tariffs and Trade in Geneva next week will end in a fiasco. That would be a black day for the orderly conduct of world trade, but the risks involved in looking the other way as a ragtag collection of individual protectionist measures comes into force are even greater.

We must, therefore, hope that the ministers will produce more than an anodyne statement rendering lip service to GATT's principles of nondiscrimination and increasingly free trade, but which leaves everyone free to carry on much as before. If the industrialized world keeps raising the barriers against imports, its export markets will soon dry up and its loans to developing countries will go from bad to worse—not to speak of the prospect that poverty among the poor countries will be unnecessarily prolonged.

—The Financial Times (London).

## NOV. 17: FROM OUR PAGES 75 AND 50 YEARS AGO

### 1907: Terrorists Held in Berlin

BERLIN — The police have arrested in a Berlin boarding house a Russian terrorist who has given his name as Michael Mirsky. In his possession were enough dynamite and nitroglycerine to blow up four city blocks. The explosives were hidden in a trunk with a double bottom. Mirsky had a large amount of money on his person and the police believe that he had been supplied with both money and the explosives by a Russian anarchist to enable him to perpetrate some very big outrage. As a result of the examination of the papers found in Mirsky's rooms, two further arrests were made this evening. These two companions, however, deny all knowledge of Mirsky's plans.

### 1932: She Wanted to Be Alone

PARIS — Greta Garbo, the Swedish will-o'-the-wisp, with a noble duenna and two dressmakers' dummies, was run to earth in Paris, but only after she broke the hearts of battalions of reporters and left one of them, posing as a dressmaker in a vain effort to reach her side, in the hands of the police. The film star tried to hide behind the collar of her fur coat and an atrocious black felt hat. She is not alone in her flight from publicity. She has with her a lady of the Swedish nobility, Countess Wachtmeister, whose name translated means "master of the guard"—and never was a name more appropos. The world's most talked-of blonde had the last laugh. She is still uninterwined.

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## The French Fire Behind the Pipeline Smoke

By Flora Lewis

PARIS — President Ronald Reagan's decision to lift sanctions on European allies involved in the Soviet gas-pipeline deal had nothing to do with Leonid I. Brezhnev's death or Lech Walesa's release from internment.

But the French suspect he timed the announcement so that those two events might distract attention from Washington's reversal of a bad foreign policy decision. So, in irritation, Paris proclaimed it was not party to any new allied agreement on East-West trade and that Europe had not made any new concessions, as Mr. Reagan claimed.

All this is smoke, and there is a fire but not quite the kind it appears to be. There is an abrasiveness now in French-American relations that seems as bad as at any time in the Gaullist period. It is not due to any specific issue or incident, but to a mood of suspicion and political sensitivity on both sides.

The other European allies were just as aware as the French that the White House was seeking a face-saving way out of the pipeline blunder for domestic reasons. They went along with promising not to sign any more gas or pipeline contracts with Moscow before the big East-West trade studies are completed. The French were not planning any.

Actually, the immediate quarrel is not much bigger than that. The way out of the dilemma negotiated by Secretary of State George P. Shultz could turn the whole pipeline incident into a mere stumble that allows the alliance to pick itself up and set out on a much firmer path.

There never has been an agreed framework for trade with the East, the cause of consistent friction among Western industrial nations. The State Department's idea was to recoup by working out common guidelines that could hold to the end of the century, a wide idea.

The French are not opposed. Ground rules would also help them avoid cutthroat competition and bad debts. Nor do they oppose the view that helping the Soviet military build-up with sensitive technology only adds to the West's defense burden.

There is a problem about subsidized credit because French inflation remains high, which makes its commercial interest rates noncompetitive. But Washington is prepared to be flexible. There is no problem about promising not to sign any more gas or pipeline contracts with Moscow before the big East-West trade studies are completed. The French were not planning any.

The underlying issues, which are not just between France and the

United States but between the United States and its Western partners, go much deeper. They remain the long-range questions of how to deal with the Russians and, indeed, whether the United States is capable of sustaining a long-range policy.

The always enigmatic start of a new era in the Kremlin sharpens the Europeans' sense that it is foolish to be too dogmatic about the Russians. For a chance of success in the coming allied studies of East-West trade, both the United States and the allies would have to bend.

At this point, the battle seems as big inside Washington as it is between the United States and its partners. Richard Perle, the assistant secretary of defense, has been hopping around Europe arguing that practically any technology helps Moscow militarize. He claimed that microcircuits from U.S. troops had been found in Soviet anti-submarine buoys, according to one report. The obvious retort is that either the United States should not let its toy makers use military secrets, or it should distract the Russians with electronic games.

This kind of nonsense fuels suspicion that Washington really does seek economic war with Moscow. That makes Europeans less, not more, secure about their future.

Further, there is a moral as well as a political-military quarrel about the idea of trying to stifle the development of such a vast country as the Soviet Union until it changes its system. The Russians are stifling themselves for lack of reform. But who can predict that they would be meaner rather than less threatening if their people lived better?

As George F. Kennan, the former U.S. ambassador to Moscow, said recently, "The attempt to prevent or set back the entire economic development of another people has no place in the politics of a democratic state in times of peace. There are means for preparing a new war, not the means for preventing one."

The virtual state of siege imposed on Moscow during Mr. Brezhnev's funeral surely reflects the leadership's fear of loss of control over a disgruntled populace at a time of uncertainty. Western stability, resting on democratic consent, should be a source of confidence that disdains worries about spreading toy technology.

The current flap about getting out of the pipeline sanctions is a minor flurry of politicians' pride. The serious question ahead, unresolved both within the Reagan administration and the alliance, is to decide when business with the East bloc is reasonable business, when it is tricky politics, and how to establish a sound policy of trade but not aid.

The New York Times.

## Paying Off the Alliance's Nuclear Mortgage

By Gerard C. Smith

WASHINGTON — Although no government has agreed to examine the concept of moving away from NATO's option of starting nuclear hostilities if the Soviet Union attacks Europe — as proposed by Robert McNamara, MacGeorge Bundy, George Kennan and myself in an article in Foreign Affairs — two recent developments are worth comment.

One is that NATO's supreme commander, General Bernard Rogers, has stated that a non-nuclear defense of Europe is needed, is militarily possible, and seems economically realistic.

While General Rogers does not support a goal of a declared non-nuclear strategy for European defense against non-nuclear aggression, he does favor a military posture by the North Atlantic Treaty Organization that would place on Moscow the wartime onus of first use of nuclear weapons. It has been reported that he calculates that such a new NATO strategy would cost \$144 per resident of the alliance countries over a period of six years. That would appear a not unreasonable price to pay off the nuclear mortgage the allies have incurred.

The authors of the Foreign Affairs article believe that moving toward a declared strategy of "no first use" may help produce the posture that General Rogers deems necessary for a credible non-nuclear deterrent to war. Such a declaratory policy may also be necessary if popular support for the alliance is to be maintained both in Europe and North America. So there is no inconsis-

tency in what General Rogers is striving for and what supporters of the no-first-use doctrine are working for. The more progress made on conventional forces the more persuasive and realistic becomes the case for no first use.

The other recent development is that France, armed with nuclear weapons and unhampered apparently by popular dissent, has indicated that it does not favor any change in the present policy of maintaining a "low threshold" nuclear threat to deter any Soviet temptation to move westward in force. This is not the first time France has marched to a somewhat different drum beat. Yet France's men and arms and logistic support are probably essential if the role of nuclear weapons is to be limited to deterrence.

It is to be hoped that, as it becomes clear that Europe cannot be defended by nuclear warfare, France will move with its allies to mount a modern force fit for an era of superpower parity in nuclear arms. The French will realize that nuclear weapons are obsolete as instruments of war; Their use would be politically infeasible and militarily suicidal.

The assertion is made that removing the nuclear

threat would result in an unbalanced situation, which might result in another conventional war in Europe. That suggests that the present system, founded on the nuclear threat, is a safe and reliable one. If that is so, one might argue that having only nuclear weapons and no conventional forces would be the safest of all. But sovereignty implies that a nation's territory and population can be protected in peace and in war; the use of nuclear weapons would change that.

As nuclear policymaking becomes democratized in some of the NATO nations — if not yet in France — those nations' security managers must be giving thought to ways to retain popular support for NATO military programs and policies. Public opinion can only be ignored up to a point, and political leaders will disregard at their peril the gathering opposition of some church figures, particularly in the United States, to the alliance's wartime option to start nuclear hostilities.

The heart of the matter is clear:

- A first-use doctrine is a waste.
- If war comes, nuclear weapons cannot defend Western Europe.

But if General Rogers's advice is heeded, the day will come when a conventional defense of Europe will be possible. Then the nuclear mortgage will have been paid off, deterrence will be maintained, and the alliance will be able to defend itself without committing moral and physical suicide.

## A Different Kind of Economic Summit Is Needed

By Lester Thurow

CAMBRIDGE, Massachusetts — Over the last three decades, the economies of the world's industrial countries have gradually grown more integrated, but their economic policies have not. Sooner or later, the inconsistencies of such a system had to be tested.

Growth has stopped in the United States and around the world, protection has started everywhere, whole countries are going broke. But no one country alone can break out of the economic quicksand in which we are all stuck.

The French, denied their requests at the Ottawa and Versailles summit meetings for coordinated economic expansion, have seen their attempts to go it alone defeated. Monetary and fiscal stimulus succeeded in increasing consumption by 4 percent from mid-1981 to mid-1982, but production rose only 2 percent. The result was a flood of imports and a plunge in the value of the French franc. The stimulus of French imports slowed the economic contractions in other countries but could not start vigorous economic growth at home.

Then, as the French stimulation slowed, the West German contraction intensified. Industrial production fell 4 percent between the second and third quarters of 1982. With the West German economy in a state of free fall, economies in the rest of Europe can only sag. And with sagging European economies, the U.S. economy can get only worse.

The Third World is broke. Mexico's crisis is the first of many to come. There are no easy solutions for Third World countries. They can only meet their debts if they are allowed to export more of their production to the industrial world, but that is eco-

nomically and politically impossible with stagnant industrial economies.

The French are now retreating to economic austerity and a "go it alone" assault on the international trading system. The U.S. government is just organizing what amounts to a world steel cartel to keep foreign steel out. The end of this process is worldwide economic disintegration.

We already know that President Ronald Reagan's present course is a failure. He promised real growth rates of 4 to 5 percent per year starting in the fall of 1981 if his program was adopted. It was adopted, but one year later those growth rates are not to be seen.

To "stay the course" — when we have only to look at Britain to see what a similar program brings after three and a half years — is a form of economic masochism. British unemployment is 14 percent and rising. Vigorous growth is not in sight.

The French were right and President Reagan was wrong at the summit conferences. The world needs to coordinate monetary policies to dramatically lower interest rates, and it needs to prevent the wide swings in currency values that make economic investment and planning impossible. No one can run successful economies if there are going to be 40-percent swings in the value of major currencies in the matter of a few months. No one knows the best place to invest or the cheapest source of supplies.

The United States economy is still so big and the dollar so important, however, that it is not possible to reflate the world economy or control currency fluctuations without American cooperation. President Reagan

must be forced to alter his policies.

To do this, a new and different summit should be organized soon. It should be a summit meeting composed of the governments and political parties that believe in the necessity for economic stimulation. Instead of a meeting between Francois Mitterrand and Ronald Reagan, it should, for example, be a meeting between Mr. Mitterrand and the congressional leaders of the Democratic Party — who agree on the need for economic stimulation.

The first item on the agenda should be agreement on the specific monetary policies and foreign exchange policies that would permit coordinated expansion of our economies. The second item on the agenda should be plans for bringing about coordinated external and internal political pressures on the Reagan administration to adopt those policies.

Diplomatic protocol simply has to bend with the current reality of economic integration. Such a meeting has to take place since it is no longer possible to set domestic policies domestically. Without American cooperation, the French government cannot adopt the domestic economic policies it wishes to adopt. Without French cooperation, the Democratic

Party cannot get the economic stimulation it wants for the United States. And even if it could get a different policy, the policy would not work in the face of European contraction.

In an integrated world economy, domestic economic policies have to get what they want from the rest of the world. There is a clear order of priorities in the Middle East. Ridding Lebanon of the occupation by Israel and Syrian troops is front and center. Once that is achieved, everything else becomes much easier. Especially if the government of Israel, with its formidable negative powers, has been softened.

Los Angeles Times.

## LETTERS TO THE EDITOR

### Cuba in Reverse

Regarding "NATO Must Bolster Its Defenses in Fight for Opinion" (HT, Nov. 9): Too bad NATO leaders do not have a look in their own mirrors. NATO's plans for deploying Pershing-2s at West German sites in 1983-84 are basically the mirror image of what the United States found totally unacceptable in Cuba in 1962.

But for the Soviet Union this new situation will be even more intolerable. Pershing-2 missiles, launched from West Germany, can penetrate the Soviet heartland in five to twelve minutes. Moreover, they have an innovative "hard-target kill capability" and near pinpoint accuracy. This means that the Politburo and the KGB as well as every major Soviet command and communications center will be under continuous threat. The Soviet Union does not have

any comparable possibility of placing in jeopardy the main U.S. command and communications centers, or of "nuking" the U.S. heartland with even roughly similar accuracy.

E. FIELD HORNE

Constance, West Germany.

### A Legal Difference

Regarding "Our Moral Responsibility for the Beirut Massacre" (HT, Nov. 3): Louis Nizer complains that Israel, which he means to a policeman, is denounced for not being preventively alert in Beirut.

As a lawyer, I'm sure Mr. Nizer knows the difference between a policeman and an accessory before the fact. The man who facilitates a crime is just as guilty as the one who pulled the trigger.

J.C. DIXON

Paris.

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ARTS / LEISURE

# Rap Records: Talking Up an Audience

By Michael Zwerin  
International Herald Tribune

PARIS — A "rap" is a way to talk. It's more intense, swinging, theatrical, rhymes more than just talking. Like "rip-off" and "upright," the word surfaced from black slang to mass use during the '60s. Now raps have been put on top of disco, R&B and funk beats and are rising on the record best-seller lists.

Some people trace raps back to jailhouse songs, black prisoners reciting their troubles to the others after lights-out. Jazz and poetry was rapping. Lord Buckley and Langston Hughes improvised (raps are improvised, or were) raps.

The fast and slick "live-talking" style came out of black ghettos via radio disc jockeys. They'd rap between records and sometimes over them and they became entertainers.

Kurtis Blow helped popularize raps with "The Breaker" in 1980. He has a new one, "Tough," with lines like: "You worked all year to buy a brand new car, / A Coupe de Ville or a Jaguar, / But you don't make enough for a good cigar." He started as a DJ, inventing rhymes and riddles during musical interludes at discotheques and private parties. Many of his fans were white and a mass market developed.

"Rapping was something we did and didn't expect other people to get into," says Johnny Simms, a black guitarist and singer who made a rap record in French in Los Angeles. "I almost fell on the floor laughing when this producer called me with the idea," he said, almost falling on the floor laughing. "I said, 'You must be hard-up for ideas.'"

Simms made "Le Misunderstanding" under the pseudonym of Idris Cheba. For example, it rhymes "Palm Beach" with "South Beach" in what can be described as cotton-pickin' French. To his surprise it hit the top of the French charts last April.

He came to France to promote it with mixed emotions. "I used to be our way of life, not a category of the music business. What I liked about rap is that it was pure and untouched. But now — well, the same thing happened to the blues."

It was pointed out that Sugar Hill Records, one of the companies that has benefited most from the rap trend, is black-owned.

Simms said he opened into a smile and he said, "That has nothing to do with it. Now we're getting to what black people do to each other in order to get ahead in business."

Motives aside, Sugar Hill represents one of the few bright spots in



Grandmaster Flash

an otherwise depressed music industry, principally thanks to Grandmaster Flash's "The Message." Once known as Joseph Sadler, Flash was born in Barbados, raised in the South Bronx and started working as a DJ in clubs at the age of 14. Most of his group, "The Furious Five," also come from the Bronx, the Mecca of rap.

Rolling Stone magazine gave "The Message" five stars, it maxed out. The single rose into the top five of the black music charts and the LP is coming up in the rock charts. Dealing with ghetto life, it's full of bitter vitality and sarcastic joy. "It's a jungle sometimes, it makes me wonder how I keep from going under."

Rap has come off the streets into the recording studios and concert halls, a message that can also be danced to, made by black kids who find themselves getting rich just by expressing their blackness.

"You're taking kids carrying radios off the street and elevating them into hyper-space," said Johnny Simms, "but I wonder if you can handle it." Simms, 27, is a professional musician busy in the studios. "Le Misunderstanding" was only "another record date" for him. "When we started to promote the record, I had to go out and buy an outfit — dark glasses and all the

rest. Sure, why not? I never took it seriously but I'm a professional musician and somewhere in there there's money to be made. You have to be realistic. I'll go along with that, without being obnoxious about it anyway."

"I never had to learn to rap. It was always inside me. I had to learn other styles of music. It pleases me that it's being recognized, but a little bit of hostility comes out because it's being exploited by people with bucks who don't care where it came from."



Kurtis Blow

But what we have in "Ducking Out" at the Greenwich is the Lancashire translation of "Natalie in Casa Cupello," and although mechanically it still works very well indeed, there is hanging over the evening a faint air of homelessness. Just as Chekhov's three sisters would look a bit odd in Cheltenham trying to get to London, so de Filippo's extended family of Neapolitan ravers look a bit lost on the lake-view estate: instead of celebrating the very things that make them Neapolitan, they seem to be auditioning for some minor Ayckbourn comedy about yet another disastrous family Christmas, and it definitely diminishes them as characters. What we now get is a prolonged series of TV-sitcom jokes turned suddenly sour by a chilling last act. What we don't get, despite superb performances from Warren Mitchell as the hopelessly unhandyman father and Leslie Sands as his tragic elder brother, is any sense that these

# 'Ducking Out': Mostly Out

By Sheridan Morley  
International Herald Tribune

LONDON — Thanks largely to Joan Plowright, slaving over a hot stove in "Flumena" and struggling through family reunions in "Saturday Sunday Monday," we are now reasonably familiar with

## THE LONDON STAGE

the Neapolitan world of Eduardo de Filippo. It seems therefore a little perverse of Mike Stott, taking over from Waterhouse and Hall as de Filippo's English-language adapter, to upend that entire world by moving it to West Lancashire, where the jokes are inevitably going to sound somewhat different.

But what we have in "Ducking Out" at the Greenwich is the Lancashire translation of "Natalie in Casa Cupello," and although mechanically it still works very well indeed, there is hanging over the evening a faint air of homelessness. Just as Chekhov's three sisters would look a bit odd in Cheltenham trying to get to London, so de Filippo's extended family of Neapolitan ravers look a bit lost on the lake-view estate: instead of celebrating the very things that make them Neapolitan, they seem to be auditioning for some minor Ayckbourn comedy about yet another disastrous family Christmas, and it definitely diminishes them as characters. What we now get is a prolonged series of TV-sitcom jokes turned suddenly sour by a chilling last act. What we don't get, despite superb performances from Warren Mitchell as the hopelessly unhandyman father and Leslie Sands as his tragic elder brother, is any sense that these

Dershowitz, who is descended from Russian-Polish Jewish immigrants, feels a special bond with Soviet dissidents. In Paris, he met with human rights advocates on behalf of his client, Anatoli Shcharansky, the Jewish dissident jailed on charges of espionage.

"Criminal law must be understood in its social context," he says. "Take the Soviet Union. Nobody would defend Shcharansky. With all that propaganda, everyone there thinks he's guilty of espionage. Shcharansky is a criminal in Soviet society, but he would find many open supporters in the United States."

"That's why I will defend anybody, even those guilty of the most unspeakable crimes. True, the constitution serves as a shield for the guilty, and a few dangerous criminals are set free, but that's the price we must pay to preserve a democratic society."

# Justice: Examining the Defense Attorney's Role in the U.S.

By Diana Fong  
International Herald Tribune

PARIS — For a man who says "I hate murderers, I hate criminals," he is surprisingly at ease handling the murder appeals of Jack Abbott, the writer and killer, and Claus von Bulow, found guilty of making his wife comatose with injections of insulin.

Alan Dershowitz, Harvard professor, lawyer and author of "The Best Defense," an account of the criminal justice system that describes his most notorious courtroom battles, has often found himself in the midst of controversy. His clients have included Jewish Defense League bomb throwers, Bruce Franklin, a leftist radical, and William Shockley, known for his advocacy of the genetic inferiority of blacks.

Dershowitz is a liberal in the Boston-Cambridge intellectual mold. "I'm a Democrat, a Kennedy man, but does that mean I shouldn't defend Republicans?"

The criminal defense attorney is often misunderstood, he feels. "One of the greatest challenges of

my profession," he says, "is to dissociate my client's views and actions from what I think and do. I'm not defending my client as a moral being. I'm defending a judicial process. The adversary system of justice demands that every individ-

vidual, no matter how despicable in the eyes of society, is entitled to an adequate defense."

He likens his role to that of a surgeon saving the life of a patient who may recover and commit murder. "A surgeon shouldn't discriminate among his patients, and decide who deserves to be saved — that's not his job."

"Defense attorneys would be out of business if they represented the upright citizen as well. The Perry Mason strategist whose practice is limited to protecting innocent suspects from frame-ups is the stuff of television fiction."

So, if he considers that a majority of defense attorneys represent criminals, does this mean they should be soft on crime? "I believe in punishment — real punishment," Dershowitz answers. "I'm against capital punishment, because it hasn't proven effective, and it tends to discriminate against the have-nots of society."

Real punishment, he says, should be tailor-made to suit the crime and the criminal. "Some of those Watergate crooks should've been forced to do some really mental labor — like changing bed-

rooms. Humiliation — that's real punishment."

Dershowitz, a slight man with curly reddish hair, freckles and oversized glasses, looks more like a bright and eager first-year law student than a 43-year-old professor. He says he does not have a style of defense. "I adjust my tactics to the players in the courtroom."

Defense attorneys want to win, and Dershowitz is no different. He is zealous — some critics say overzealous — in defending his clients. Critics say he is a publicity hound with an oversized ego, and some of his students find him opinionated, but almost all agree on his brilliance.

A strong opponent of government abuse, he has defended Frank Snapp against his former employer, the Central Intelligence Agency, and represented one of his own kind, the criminal lawyer Edmund Rosner, against an undercover narcotics policeman, Robert Leuci. Leuci's collaboration with federal prosecutors was sympathetically portrayed in the book and film, "Prince of the City."

Dershowitz lost that case against the "prince of the city," but won



Alan Dershowitz

# Yevtushenko Making Film on His Childhood

By Serge Schmemmann  
New York Times Service

MOSCOW — Yevgeny Yevtushenko was spotted on a dreary, drizzly day recently by a pond in Moscow, mustachioed and unshaven, with pajama bottoms rumbling onto unbuttoned boots and a worn fez atop his head.

No, the angry young man of the 1960s and the establishment rebel of the '70s had not been cast out in the cold. After the cameras cut, the unkempt figure lifted a megaphone and began barking commands for the next scene.

Yevtushenko, the poet, globe-trotter, actor, photographer, was off on another tangent, this time directing a film about his own childhood to be called "Kindergarten."

The strange get-up was not a bohemian affectation — Yevtushenko had assigned himself a brief role in the film as a loony chess player. His real mother, Zinaida Yermolayevna Yevtushenko, was there, too, in the role of a grandmother tending a baby in a pram, and his wife, Jan Butler, who was born in Britain, watched from the sides more than 20 years since — the young poet with the sparkling blue eyes and the boyish good looks mesmerized the West with his electrifying reading and explosive poems — "Babi Yar," which touched the raw nerve of anti-Semitism; "Heirs of Stalin," and "Let There Be No Other '37," which explored Stalin's terror of the 1930s.

Yevtushenko is 49 years old now, and the intervening years have taken little from his looks. But while his fellow rebels of the '60s such as Bella Akhmadulina (once his wife) and Andrei A. Voznesensky matured and moved onto greater critical and popular acclaim, Yevtushenko channeled his talents to singing the praises of hydroelectric dams and "crack plants" or rebuking the United States. Recent years began speaking contemptuously of Yevtushenko's "rhymed reportage," and worse, and as the early fame subsided, so did interest in the West.

From the darling of the Khrushchev era, Yevtushenko settled into a comfortable role as a modish star in the literary establishment, writing verses to the Moscow Olympics and Allende's Chile while occasionally nourishing the image of a rebel-at-heart with private suggestions of dissenting notions.

While the controversy ebbed, Yevtushenko's taste for the limelight did not and he has remained a figure to be reckoned with in Soviet culture, at the very least for his seemingly boundless energy.

In 1978 he starred in "Flight," a film about Konstantin E. Tsiolkovsky, the Russian rocketry pioneer, and a year later he put on an exhibition of his photographs of his native Siberia.

At the same time he produced an autobiography, "A Place of a Secret," and last summer the literary monthly Novy Mir published his autobiographical poem "Mother and the Neutron Bomb," a work whose combination of lyrical reminiscences, poetry, politicking and self-promotion seems to sum up the various strands of the poet's career.

In the film that Yevtushenko is now making for the Mosfilm studio (the budget is \$650,000, about average for Soviet productions), he has continued to delve into his past, in this case focusing on his evacuation from Moscow as a boy in 1941 to his native town in Siberia, Zima (which means "winter").

"I call the film 'Kindergarten' because the kindergarten for a boy of 9 in '41 was the war," Yevtushenko said between shots, while assistants raced against the waning daylight of a November afternoon. "This is my 'Amorcord,' he said, referring to the Federico Fellini film.

The elegant square around Pioneer Ponds, still popularly known by their former name, Patriarchal Ponds, was done up for the shooting in a way that might have alarmed those passers-by who take Pravda's warnings of imperialism far fewer too seriously.

Anti-aircraft guns sat in nests of sandbags, windows were taped, anti-tank obstacles littered the



Yevgeny Yevtushenko

streets and a stern woman with a finger to her lips stared down from a poster over the legend, "Don't Blab."

With the first day's shooting over, Yevtushenko smashed a plate on the ground and distributed the shards to actors and technicians. In Soviet movie-making tradition, they will each keep the fragment until the film is finished, and then

piece the plate back together again. One of the pieces went to Seryozha Gusak, a handsome boy of 11 who had spent the afternoon toying with prop guns and who is playing the young Yevtushenko in the movie.

The plate is not due to be pieced together until next September, and in the meantime Yevtushenko has grand plans. He wants to film how protective tarpaulins were pulled over the huge ruby stars that cap the Kremlin's watchtowers, and he plans to shoot a dream he had as a boy of thousands of soldiers marching past with guns and fish-bowls with goldfish inside. And, playfully threatening his young alter ego, he described his intention to show how he and the aged grandmother he lived with in Zima hunted down a bear for food in the winter with two cartridges and a knife.

Yevtushenko took particular pride in that his cast was made up largely of amateurs. He heartily slapped the back of a carpenter who is acting in the movie, and he hardly concealed his pleasure when an army lieutenant recognized him and came over to ask for a walk-on part.

This is the image Yevtushenko seems to cherish most now — the man of the people, a son of Siberia who was beaten for his cabbage-and-potato and who hunted bear for food — a survivor.

Will you lend me Panorama? I saw it in Panorama. Do you remember that special report in Panorama? Mr. President, here is your Panorama. Did you see the cartoon in Panorama? Give me Panorama! Who has taken Panorama? And this agenda? It's a gift from Panorama. Excuse me, may I take a look at Panorama? The campaign will be launched in Panorama.



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## INSIGHTS

# Andropov's KGB Expanded Its Functions And Fine-Tuned Its Methods of Repression

By Richard Bernstein

New York Times Service

NEW YORK — During the years that it was headed by Yuri V. Andropov, the KGB consolidated its internal security role and remained one of the most pervasive and effective means of enforcing near-absolute control.

As a 15-year tenure of Mr. Andropov, the Communist Party leader, was not marked by mass terror of the Stalin era, under him, the institution expanded its functions and became a more sophisticated means of enforcing near-absolute control.

The KGB stand for the Russian meaning Committee for State Security, the organization is charged with protecting the Soviet regime from its real or imagined enemies abroad as well as at home. The KGB, which has had different names in the past, is a peculiarly Russian institution sprang directly from the Okhrana, the secret police of the czars, and has been at the core of power in the Soviet Union since the Russian Revolution. Stalin used it to arrest, and sentence millions of people to death or to camps in the 1930s.

After Stalin's death in 1953, Nikita S. Khrushchev tried to eliminate terror as an instrument of the state and to require the security police to abide by more legal procedures. But P. Beria, the head of the NKVD, as agency was known at the time, was executed at the end of 1953 in a power struggle, and vast network of forced labor camps set up by Stalin was partly dismantled.

## Problem for Khrushchev

As a celebrated speech to the Central Committee of the party in 1956, Khrushchev denounced Stalin and many of his methods. Khrushchev went too far for conservative bureaucrats who respected Stalin's methods, according to experts on the Soviet Union. After Khrushchev was deposed in 1964, the KGB began to regain some of its power, if not its power to decree the fate of millions of Soviet citizens.

Mr. Andropov, who had been a party official in charge of monitoring relations with foreign Communist parties, became director of KGB in 1967.

"He balanced very cleverly, avoiding the excesses of mass terror on the one hand, and the other, effectively suppressing dissent," said Professor Adam B. Ulam, director of the Russian Research Center at Harvard University. "Mass terror was discarded, but political repression continued."

The KGB exists now as a huge, intrusive bureaucracy with an elaborate network of staff officers, informers, means of technological surveillance, prisons and psychiatric hospitals it operates swiftly and effectively against virtually any Soviet citizen who departs from Communist Party orthodoxy.

In the Stalinist 1930s, the number of labor camp prisoners was estimated at 12 million; the number of political prisoners now is probably in the tens of thousands.

## Violence Is Less Common

Soviet citizens and émigrés have reported that interrogations by the KGB now tend to be more correct and that violence is less common than in Stalinist days. The KGB also more often than not provides a legal reason, or at least the appearance of a legal reason, for an arrest or interrogation.

It was under Mr. Andropov that the KGB ushered virtually the entire dissident movement. For example, it imprisoned most of the members of the so-called Helsinki Monitoring group, which was established in 1976 to monitor Soviet practices in human rights.

More recently, the KGB harassed out of existence the founders of a citizens' committee in

Moscow that opposed the arms race. It jailed at least one of its members, called in others for frequent interrogations and confined its founder to a psychiatric hospital.

It also took charge of industrial and technical espionage and, according to some reports, of training foreign terrorist organizations. Unlike Western police forces, the KGB is also in charge of Soviet intelligence operations abroad and is responsible for Soviet border defense.

How far the Soviet Union has come since the Stalin era, and how far it still has to go, can be seen in the treatment of Andrei D. Sakharov, the Soviet physicist and dissident. Mr. Sakharov, a member of the Soviet Academy of Sciences and a man three times decorated with his country's highest civilian award for his work on the hydrogen bomb in the early 1950s, became an outspoken and internationally known advocate of human rights in the 1960s and 1970s.

## Exile to Gorki

In January 1980, KGB men abducted him from his car, bundled him aboard a plane and exiled him to an apartment in the city of Gorki, 250 miles (400 kilometers) east of Moscow, where no foreigners can visit him.

His notes and manuscripts have been taken, and he has been both physically and verbally harassed, all without any legal basis for his exile ever having been given. He was not charged with a crime or imprisoned, and it is likely that somebody as openly critical of the authorities as Mr. Sakharov would have been killed in Stalin's era.

Few Soviet citizens dare to criticize or challenge the KGB as openly as does Mr. Sakharov. The agency's headquarters, a huge stone prison in Dzerzhinsky Square in Moscow, has a name, the Lyubyanka, whose mention is enough to strike fear into the heart of any Soviet citizen.

To combat this impression, the Soviet authorities have mounted a propaganda effort in recent years, including two movies lionizing "chekists," as KGB agents are still known, after one of the older acronyms for the organization created to protect the Soviet regime when it was young, insecure and vulnerable.

But the effectiveness of the organization in domestic security lies to some extent in the climate of intense distrust, euphemistically called "watchfulness," that governs the Soviet state's relations with its citizens and their relations among themselves.

## Watching Father

Soviet schoolchildren are still encouraged to denounce their parents, a 13-year-old boy who in 1932 turned in his father for harboring landlords during the collectivization campaign of that year. The boy was killed in vengeance by villagers.

Many Soviet citizens simply assume that their telephone conversations are monitored and their homes bugged. The KGB monitors Soviet airwaves. In one case, a Russian amateur radio operator said he was allowed only to discuss his equipment on the air and that if other subjects came up in his broadcasts agents would drive up to his home within half an hour.

One person who has experienced both the Stalinist and current eras of the KGB is Kirill Uspensky, now a member of the Russian Research Center at Harvard, who was a member of the Communist Party and a well-known writer in the Soviet Union before his departure in 1978.

Mr. Uspensky said in an interview that as a young officer in the Soviet Army in the 1930s he was so immersed in Soviet propaganda about "enemies of the people" that his "romantic dream" was to rescue Stalin from an assassination attempt.

But in 1937, Mr. Uspensky said he was suddenly arrested and accused of being a Gestapo agent. During one interrogation, he said, he

was hit by a member of the security police, and when he struck back, "two or three guards ran into the room and started beating me with their jackboots." He added, "I had two broken ribs, lost several teeth and was beaten into complete unconsciousness and brought into my cell in that condition."

## Refined Techniques

In 1960, Mr. Uspensky, who had by that time become a writer and translator, was arrested and sentenced to a five-year term in a labor camp after being accused of making anti-Soviet statements. Mr. Uspensky said that since the Andropov era, his own experience with the KGB showed a number of new or refined techniques. About five or six times, for example, he was called into KGB headquarters in Leningrad and interrogated about friends of his who were under suspicion as dissidents.

"Every interrogation began with a phrase that had been gathered by some electronic device," he said. "The KGB gives the impression that they knew all about my movements," he said. "They would recount to me conversations that I had had. This was a trick meant to convince me that the person who was arrested is talking, and in this way they try to get your agreement that, yes, you said this and you answered that."

Alexander I. Solzhenitsyn, in "The Gulag Archipelago," detailed scores of cases and related the vast scope of the terror under Stalin.

Zinaida Grigorovna, a Soviet émigré now living in New York, said in an interview that her husband, a professor of philosophy, was put in a gunnysack and beaten to death in 1937.

## Sent to Prison

As the wife of an "enemy of the people," Mrs. Grigorovna was imprisoned and sexually abused by security policemen, she said. She spent 10 months in a cell with about 200 women whose only crime seems to have been that they were related to such "enemies." Mrs. Grigorovna's husband was among the millions believed to have been killed by the secret police during the Stalinist era.

In later years Mrs. Grigorovna continued to have trouble with the Soviet authorities, including the KGB, but she was not subjected to physical abuse, she said. She married a dissident army general who was imprisoned in a psychiatric hospital for six months. The KGB warned her that if she tried to get in touch with foreigners to publish her husband's imprisonment, he would be killed.

The origins of the KGB can be traced to the Okhrana, the czarist secret police, which was transformed into the first Soviet instrument for political control by Lenin after he took power in 1917. This was the Cheka, or All-Russian Commission for Combating Counter-revolution, Speculation and Sabotage.

After the civil war, when the Communists consolidated their power, the Cheka became the GPU, then the OGPU, and after that the GUGB, whose chief was Genrikh G. Yagoda. He was executed in 1936 after a show trial for prosecuting the purges of Stalin's enemies with insufficient "evidence," according to a book on the history of the Soviet secret police, "KGB: The Secret Work of Secret Soviet Agents," by John Barron.

## Renewed Stability

The next two secret police chiefs also died violently. The first, Nikolai I. Yezhov, was dismissed by Stalin in 1938 and, according to Mr. Barron, eventually shot in the Lyubyanka prison. In 1953, Beria, who had acquired immense power in his 15 years as head of the secret police, was executed in the power struggle that followed Stalin's death.

The rise of Mr. Andropov to the top political position in the Soviet Union symbolizes the KGB's renewed stability. Indeed, Mr. Andropov

is the first secret police chief to rise to any of the very top political positions in the Soviet Union, much less to the post of general secretary of the party.

One reason for the KGB's effectiveness is that it does still resort to extralegal methods of political control, including physical violence, according to Soviet émigrés.

Mr. Uspensky, for example, told of an incident that occurred while he was visiting Mr. Sakharov in Moscow several years ago. Mr. Sakharov had just received an engineer on a brief visit to Moscow from the Urals who had reported to the physicist about political conditions in his home city. The engineer then disappeared and it was only three days later, according to Mr. Uspensky, that the police said he had died in a traffic accident near Mr. Sakharov's home, although for unexplained reasons his body was reported in a town about 30 miles south of Moscow.

Common targets for surveillance are Jews who apply to emigrate. Jewish activists have said that their telephone conversations are monitored and their contacts with foreigners observed by the KGB.

In at least one case, KGB officers prohibited gatherings in wooded areas near Moscow held by young Jews to sing Hebrew songs. At the border, the KGB has been reported to confiscate Hebrew teaching materials. According to Jewish sources in Moscow, agents have broken up kindergartens organized by Soviet Jews in private apartments.

## A Friendly Agent

The KGB officers assigned to monitor dissidents seem to be from the same department and in some cases are known to political activists. At one political trial, at which KGB agents posed as "indignant students and writers," an agent stopped outside the courtroom to ask a dissident about her daughter. The woman said that during a search of her apartment the same agent had played with the little girl.

Not all KGB activities are carried out with such gentleness, although many dissidents have reported that KGB agents are often civil.

Many Russians assume that the KGB uses agents posing as drunks or thugs to perform extralegal operations.

In July, for example, members of the unofficial disarmament group in Moscow reported that one of their members, Yuri Medvedkov, was arrested and jailed for "hoioliolism" after plainclothes KGB agents had provoked a minor pushing incident on a bus.

Mr. Uspensky said that shortly before he left Leningrad for the United States, three men on the street started shouting that he was a "kike" (Mr. Uspensky is not Jewish) and a "stinking anti-Soviet." Mr. Uspensky says it would be inconceivable for such incidents to happen to dissidents unless they were orchestrated by the KGB.

The present head of the KGB, appointed in May, is Vitaly V. Fedorchuk, a man generally regarded as a career official with little independent political power. Mr. Fedorchuk is reported to have made his mark on the KGB with some organizational changes.

He reportedly put his agents on a military footing by reducing their weekly days off from two to one, and he has required them to wear uniforms, banning jeans and other Western clothes. Promoted from within the KGB, Mr. Fedorchuk is not expected to follow the example of Mr. Andropov and become a powerful figure in the Communist Party.

The KGB has just completed a new headquarters in Dzerzhinsky Square, across the street from its old building and near Dvynsky Mir, the largest children's store in Moscow.

The new building reflects the organization's image. It is solid, gray, impersonal. There is not even a nameplate on the new headquarters building. But it occupies a very central place in the life of the Soviet Union.



Vitaly V. Fedorchuk, left, and his predecessor as KGB chief, Yuri V. Andropov.



## Study of Yuri Andropov: 'Formidable' Opponent, Well-Informed on U.S.

By Harrison E. Salisbury

NEW YORK — An argument already has erupted in Washington over the new Soviet leader, Yuri V. Andropov. Some say he is a "close liberal" others that he is a brutal hard-liner. This seems like the wrong argument at the wrong time. It poses the wrong questions at a moment when we should be concentrating on analysis of the character, personality and background of the man with whom President Ronald Reagan must share responsibility for war and peace in a nuclear world.

The first thing to know about Mr. Andropov is that he speaks and reads English. A casual visitor to his country house nearly a decade ago found him listening to an English-language Voice of America broadcast. This was not a "happy accident" arranged for public relations purposes. It was a long-standing habit. He likes to get his information straight and from the source. "He's the best informed man in the world," a Russian said a few months ago, "about your country and ours." As head of the KGB for 15 years, he should be.

Mr. Andropov is the first Russian leader since Czar Nicholas II who is comfortable with the English tongue. But his command of it should not be misread: It may make him an Americanologist but hardly an Americanophile. His interest in the United States antedates Leonid I. Brezhnev's naming him head of the KGB. He began to study English as a young man. He is a longtime reader of American newspapers and magazines. He does not have much time to read American books now but he has many on his shelves — and not just detective stories and fashionable novels.

His conviction that relations with the United States are the single most important factor in Soviet foreign and military policy impelled him more than 20 years ago to direct his son, Igor, into the newly formed Institute of U.S.A. and Canada Studies. Igor has long been a specialist there, devoting more attention to Canadian than American affairs.

George A. Arbatov, founder and director of the institute — probably the best informed Soviet expert on the United States — has been a close associate of Mr. Andropov since the early days of the institute. Since Ronald Reagan became president, the Andropov-Arbatov link is said to have been strained a bit, probably because Mr. Arbatov did not accurately assess the intensity of Mr. Reagan's anti-Soviet attitudes. However, Mr. Arbatov is expected to continue as chief adviser to party leaders on the United States, although he may share this role with Vadim V. Zagladin, a policy expert with a wide background in U.S. affairs, particularly in arms and nuclear matters.

Because of his intimate grasp of American affairs, Mr. Andropov is perfectly competent to check the views of Mr. Arbatov and Mr. Zagladin against the latest issues of the leading American newspapers. It is as if Mr. Reagan could balance Central Intelligence Agency reports against his personal perusal of Pravda and Izvestia. This does not ensure that Mr. Andropov's assessments will be accurate, but it means he can make a personal contribution to Soviet-U.S. policy that transcends that of any predecessor.

## A Simple Lifestyle

Mr. Andropov's lifestyle is simple and by Soviet leadership standards, comparatively frugal. His principal residence (this may change now that he has become general secretary of the Communist Party) has been a villa outside Moscow, in a community where many high officials live. While he was KGB chief, there was little visible security, but access was only by excellently policed secondary highways, lighted at night and with inconspicuous guards and frequent patrol cars. In Moscow, he has an apartment in the building where Mr. Brezhnev lived.

If modest by leadership standards, his country house was not the ordinary Russian's. It was a spacious stone-and-stucco mansion very well furnished — Oriental rugs on the parquet floor, good paintings including contemporary abstract and nonrepresentational works, a fine television set, first-class shortwave radio, an audio system and an excellent tape and record collection. Mr. Andropov likes Gypsy music — a favorite of Russians since the 18th and 19th centuries — and he also has a collection of American classic jazz of the 1930s and 1940s.

One of the books in his library is my novel "The Gates of Hell." It was published in 1973 and revolves around two characters: Mr. Andropov, in his own name and role as head of the KGB, and a hero somewhat like Alexander

I. Solzhenitsyn, somewhat like Andrei D. Sakharov. Mr. Andropov appears as tough-minded, intelligent, educated; he is interested in, even somewhat sympathetic to, the dissident hero but relentless in performance of his security duties, and he expels the hero from the Soviet Union.

"What are you trying to do to Andropov?" asked an old Soviet friend who had read the book.

"What do you mean?"

"Well," he said, very seriously, "you present him as a human being. You're going to ruin his standing in the Politburo."

Apparently, the idea of showing Mr. Andropov as something more than the conventional cardboard villain was considered a danger to his political career. The remark had some foundation. Already Mr. Andropov had staked out a position opposite in many respects to that of Stalin's old ideologue, Mikhail A. Suslov, and it would be Mr. Suslov's death last February that would propel Mr. Andropov's successful drive to the top. Not long before Mr. Andropov's elevation, a man very close to him mentioned that Mr. Andropov had read the novel. How he liked it I could not find out. "How did you happen to write that book?" the man asked.

I said I wanted to show vividly how the system limited the extent to which even the most intelligent bureaucrat could change the ground rules of Communist politics — a lesson to be kept in mind in evaluating Mr. Andropov's personal effect on basic policy. Style, yes; content is a different matter, particularly considering the vested interests of military and party bureaucrats.

Mr. Andropov has been intensely involved with the contradictions in Soviet and Communist society from his early career. His mentor, the late Politburo member Otto Kuusinen, survived Stalin's purges but his son did not. Mr. Kuusinen went to Stalin after his son's arrest and begged for his life. "It's a terrible thing," Stalin told him, "they've arrested half of my relatives, too. What can I do?" Mr. Andropov has long been familiar with that story and a hundred like it. Yet, this must be viewed against Mr. Andropov's insistence on Soviet "legality" — a concept that still seems alien to the KGB.

As KGB chief, he courted the intelligentsia. He and his lieutenants, expressing sympathy for creative individuals, insisted that they wanted to separate the "good" from the "bad." One of the Soviet Union's leading musicians was regularly invited to Mr. Andropov's flat for private recitals; even after the artist came to the support of dissidents, there was no break, but eventually the artist went abroad and stayed abroad.

It was Mr. Andropov who devised the tactic of arresting writers and poets, sometimes sending them to psychiatric institutes and labor camps. At the same time, he or his assistants were encouraging other artists to express themselves "any way you want — except for pornography or subversion." Mr. Andropov ordered Mr. Solzhenitsyn expelled. The poet Yevgeny Yevtushenko, who had been drinking, telephoned Mr. Andropov and asked: "How can you deprive the fatherland of its great talent?" Mr. Andropov told him to call back when he was not drunk.

## He Is Formidable

Mr. Andropov was ambassador to Hungary during the 1956 revolution. He is usually blamed for its bloody suppression. In fact, he had warned Moscow of the danger of a revolution months earlier. He was rebuffed for sensationalism — until the uprising started. He has, since then, taken credit for the Janos Kadar regime, the most successful, relaxed East European regime.

Some associates have suggested that he would like to apply the Hungarian solution to Poland. The release of Lech Walesa may be his first act toward that end.

His second major political act may be to apply the Solzhenitsyn precedent to Mr. Sakharov, exiled by his order to the city of Gorki. His third almost certainly will be a move to bring the impacted Afghan situation to an end, possibly by pulling the Soviet armed forces out and replacing them with "volunteers."

What does this mean to the United States? A dissident now in the United States as a result of Mr. Andropov's actions said a couple of months ago: "You must be very careful. Don't judge this man only as a policeman. He is formidable." It seems clear from what is known about Mr. Andropov that the Soviet Union has gained a leader of major talent and the United States an opponent who knows American strengths and weaknesses as well as he knows those of his own country.

His conduct cannot be predicted, but he is the kind of man who could move with remarkable swiftness to liquidate weak Soviet positions — those in domestic society, in Poland, in Afghanistan — even via a visit to China — in order to bring Moscow's diplomatic strength somewhere near its military strength in preparation for global talks with Washington.

Harrison E. Salisbury, former Moscow correspondent and associate editor of The New York Times, is author of the forthcoming "A Journal for Our Times," a memoir.

## Officials Debate Whether U.S. Should Establish A Single Central Agency for Counterintelligence

By Robert C. Toth

Los Angeles Times Service

WASHINGTON — A major dispute is brewing within the government over efforts to reform U.S. counterintelligence activities following the completion of a secret study ordered by President Ronald Reagan into that officials see as the threat posed by Soviet spies and other foreign agents.

A central element in the developing controversy is the question of how far the United States should move toward setting up a single counterintelligence agency. Some intelligence officials believe greater centralization is needed to fight foreign spying, but others fear that such a move would rekindle fears of Big Brother in Washington checking on private citizens.

The presidential study of U.S. capabilities and resources in counterintelligence was overseen by the director of the Central Intelligence Agency, William J. Casey. It was completed in August and made more than 100 recommendations, administration officials said.

Mr. Reagan has ordered Mr. Casey to examine ways to implement the findings, an administration official said. But the study group was barred from looking into broader, more controversial issues such as whether the various agencies should be better coordinated, whether they should join in analyzing information, and whether they should be reorganized into a single central agency.

Instead, the broader examination has been assigned to the president's Foreign Intelligence Advisory Board, which is comprised of 19 private citizens under the chairmanship of the former ambassador to Britain and former White House counselor, Anne L. Armstrong. The board has been independently directed to examine all aspects of counterintelligence, including possible organizational changes.

That, in turn, has raised fears within the intelligence community that a single counterintelligence agency may emerge and that such an agency, if given police powers and authority to keep files on Americans, would raise the specter of a national security organization spying on citizens.

## A Government Consensus

There appears to be a consensus in government that improvement is needed in the present decentralized counterintelligence system, although one official, defending decentralization, said that it "provides a way to get competitive analyses of the threat and of other data, to avoid the government being sent off in a wrong direction without adequate review."

As now structured, the Federal Bureau of

Investigation spends 80 percent of the funds allocated for counterintelligence. The remainder is spread among the Central Intelligence Agency, the Department of Defense, the Department of Energy (where nuclear weapons research is conducted) and other government entities.

Leakage of military-related high technology to the Soviet bloc has become particularly acute in recent years, officials say, adding to their fears that the U.S. government and its private contractors may contain Soviet agents or individuals willing to sell secrets to Moscow.

Under the present system, the FBI has authority to coordinate counterintelligence efforts in the United States, but no charter to analyze all counterintelligence data collected by the various U.S. agencies.

Moreover, the FBI's counterintelligence division is chronically shortchanged in the budget process, in the view of some officials. Last year, for example, the entire intelligence budget rose 12 percent in constant dollars, and the FBI was authorized to hire about 1,500 agents for counterintelligence efforts.

But the White House Office of Management and Budget refused to allow the Justice Department budget to be increased. An administration official said that the budget office "told Justice to find money itself for the new agents."

Some officials do not deny the need for improving counterintelligence, contending that the proposal for central analysis would bring all files together, creating momentum for a single counterintelligence agency.

## Counterintelligence Analysis

Kenneth E. deGraffenreid, a National Security Council staff member with responsibility for counterintelligence, has written of the need for an organization to do central counterintelligence analysis.

In a study he made two years ago for the National Strategy Information Center, a conservative think tank based here, Mr. deGraffenreid called for the development of a national counterintelligence program. Its "broader scope," he wrote, should include eavesdropping satellite systems, "counterdeception and protection against foreign intelligence threats."

It "would cut across jurisdictional lines of today's counterintelligence entities," he wrote, and its mission would be to "identify, neutralize and defeat" the threat to the United States he said was posed by the KGB, the Soviet secret police and intelligence agency. He cited KGB efforts "against U.S. technology and the American economy."

The program would also assist other agencies in countering anti-American propaganda, terrorism and hostage seizures. Mr. deGraffenreid suggested, "While organizational changes might be needed, a variety of measures might do equally well," he wrote.

Mr. deGraffenreid was a major supporter of the counterintelligence study ordered by Mr. Reagan.

In the directive launching the study, according to an administration official who asked not to be identified because of the "sensitivity" of his position, Mr. Reagan ordered a "thoroughgoing review of the hostile intelligence threat to the United States." The official said the review included spying, electronic eavesdropping, technology transfer and so-called "active measures," such as Soviet disinformation and propaganda.

The directive also called for examination of U.S. counterintelligence "policy, capability, resources, strategy and organization" to detect, analyze and counter the threat, the official said.

## The KGB Threat

"There was and still is no one place in our government where the president can ask what is the true nature of the KGB threat to us, whether it is a low-grade problem or really worrying," the official said. "But he can ask the strength of the Soviet economy, Soviet military order of battle, and practically any other thing of the intelligence community."

Mr. Casey and Admiral Bobby R. Inman, then his deputy at the CIA, reportedly took quick exception to the presidential directive. Mr. Casey, in a personal confrontation with White House aides, succeeded in narrowing the scope of the initial study, with other aspects, including organization, to be considered later.

Eventually the study produced more than 100 recommendations from within the counterintelligence community.

The recommendations ranged from traditional counterintelligence measures such as more agents to trail the increasing number of foreign officials in the United States, or curtailing the number and travel freedom of foreign officials, and proposals to improve the physical security of U.S. facilities and standardize security clearance criteria.

Mr. Casey argued against undertaking the broader study for fear that it would pit several counterintelligence agencies against each other, particularly the FBI and the CIA, whose mutual cooperation is said to be excellent. "It would have spotlighted weaknesses, which would be counterproductive when we are

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WEDNESDAY, NOVEMBER 17, 1982

## BUSINESS BRIEFS

### GM May Produce Isuzu Cars in U.S.

TOKYO (LAT) — An Isuzu Motor Co. spokesman confirmed Tuesday that the Japanese affiliate of General Motors Corp. is studying the possibility of giving licensing rights to GM to produce 300,000 small cars a year at a GM plant in the U.S. Midwest.

The spokesman said licensing was one of several measures Isuzu is considering as a means of expanding its sales in the United States in view of "restrictions on exports to the U.S. market becoming more severe."

GM owns 34 percent of Isuzu.

The spokesman said that any such licensing arrangement would have no effect on General Motors' negotiations with Toyota Motor Co. to jointly produce a Toyota-developed small car at a GM plant in California.

### Exxon to Close Refinery in Wales

NEW YORK (UPI) — Exxon Corp., citing weak demand for oil products, said Monday that its European arm will close the company's oil refinery in Wales next spring.

London-based Esso will close its refinery at Milford Haven in western Wales and attempt to reassign the 290 employees at the plant.

The Exxon announcement marked the latest in a series of closures of European refineries that have become uneconomical because of declining demand for gasoline and other petroleum products.

### U.S. Firm Seeks to Cancel Atom Plant

NEW YORK (NYT) — The Virginia Electric Power Co. says it will recommend to its board Friday that the utility cancel the North Anna Unit 3 Nuclear Power Plant because of a sharp increase in construction costs.

The company will ask for a rate increase to cover the estimated \$540 million write-off it will take next year because of the cancellation, a spokesman said Monday. The rate increase would recover the cost over 10 years, he said.

A recent estimate of construction costs totaled \$5.1 billion, compared with an estimate of \$3.5 billion in 1980 and \$2.2 billion in the late 1970s. The shutdown costs would total about \$10 million.

### Tang Buys Most McLouth Steel Assets

DETROIT (Reuters) — Tang Industries Inc. completed on Monday night the previously announced acquisition of most of the assets of McLouth Steel Corp. for about \$81.5 million, a spokesman for McLouth said Tuesday.

He said McLouth's fixed assets, valued at about \$160.6 million, were purchased for \$46.5 million, and inventories were acquired for about \$35 million.

McLouth, which now becomes a subsidiary of privately held Tang, filed for protection from its 10 secured creditors under Chapter 11 of the federal bankruptcy code late last year. A U.S. bankruptcy court last month approved the sale in principle.

### U.K. Group to Invest in N.Y. Bank

NEW YORK (NYT) — L.F. Rothschild, Unterberg, Towbin, the Wall Street investment banking house, said Monday that a British investment group including Jacob Rothschild, of the British Rothschild family, plans to buy a 25 percent interest in the company. The plan, still under negotiation, also would give the British group the right to buy an additional 25 percent interest.

Mr. Rothschild, 45, is the son of Lord Rothschild, a British scientist and director of N.M. Rothschild & Sons, the British merchant bank. He is also a distant cousin of Evelyn Rothschild, chairman of the bank.

In an announcement made in New York, the Wall Street firm said it had signed a letter of intent providing for the British company, RTI and Northern PLC, to buy a \$30 million debenture in L.F. Rothschild, convertible by 1990 into a one-fourth interest in the company.

## Prices Off Sharply On NYSE

Compiled by Our Staff From Dispatches  
NEW YORK — Prices on the New York Stock Exchange closed sharply lower Tuesday, for the third session in a row as investors became increasingly pessimistic about the possibilities of a discount rate cut.

The Dow Jones industrial average skidded nearly 22 points during the first hour to dip below the critical 1,000 mark. It held above 1,000 for the rest of the day, however, and closed with a decline of 13.43, to 1,008.

Declines overwhelmed advances by more than four to one, and volume swelled to some 103 million shares from 78.9 million Monday.

The market did stage a small rally during the final hour following a White House report, which was quickly denied, that the Reagan administration was looking forward to a discount rate cut Tuesday.

An hour before the close, the Dow average was off 14.62 points; 20 minutes later, following the initial White House report, it was off just 4.5 points. In the last half hour of trading the White House said it had no knowledge of a discount rate cut and the market quickly resumed its decline.

Monte Gordon, an analyst at Dreyfus Corp., said investors were also concerned by the lack of evidence that an economic recovery is near.

Many of the day's biggest declines were recorded by stocks that scored impressive gains during the market's recent surge, including technology, brokerage, rail and blue chip stocks.

Losers on the active list included Matell, down 1 to 26%; Merrill Lynch, 2 1/2 to 63%; GTE Corp., trading ex-dividend, 1 1/2 to 39%; and Fannie Mae, 1 1/2 to 23.

Retail stocks came under pressure as several of the chains reported poor earnings. J.C. Penney fell 2 1/2 to 49% and Woolworth lost 7 1/2 to 25%; both had sharply lower earnings. Zayre, with a sharply higher profit, climbed 5 1/2 to 64.

Energy Exchange, a new company, was the volume leader for the third day in a row and closed unchanged at 2 1/2. The stock was listed on the exchange last Thursday, and was initially quoted at 1.

Prices were sharply lower in active trading of American Stock Exchange issues.



G. Michael Hostage, Howard Johnson's new chief executive.

## Major Changes Likely For Howard Johnson

By Sandra Salmons  
New York Times Service  
NEW YORK — For the past half century, the orange roof of Howard Johnson's has been a fixture of the American highway, an inevitable stop for the family on vacation. Times have changed, but the Howard Johnson's chain has not — and that, industry analysts and competitors say, is the source of the problems afflicting the 57-year-old restaurant and lodging company.

The Howard Johnson concept, the orange roof on the highway, is dead, said Charles Bernstein, editor of Nation's Restaurant News. "It's a chain that's riddled with problems. It's going to take time to turn this around."

In the three years since Howard Johnson Co. was acquired by the Imperial Group, the British tobacco and food conglomerate, it has been brought under a new chief executive officer — signaling the end of its existence as a Johnson family concern — as well as intense scrutiny of its operations and markets.

So far, the activity has produced few discernible results.

The recession, which has hurt much of the restaurant and motel business this year, hit the Boston-based company particularly hard. In the first six months of its last fiscal year, which ended Oct. 31, Howard Johnson lost \$830,000 on sales of \$294 million. While the group has not yet reported its year-end results, London analysts who follow the Imperial Group are projecting a small profit for Howard Johnson, well below the \$34 million pretax figure that it earned last year.

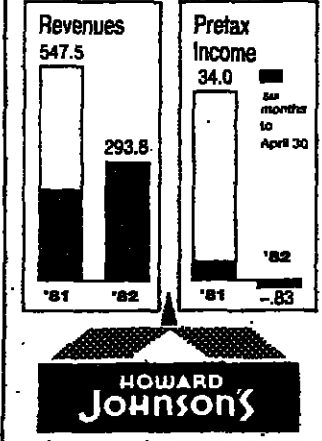
Last week, as G. Michael Hostage, the new chief executive, huddled with top management in London to map strategy, there were indications from the company that the Imperial Group would soon approve a big capital injection into the ailing company.

Mr. Hostage, citing a busy schedule, declined to be interviewed. But a spokesman for Howard Johnson, Nancy Elmont, said, "They're going through the company from A to Z and looking at each operation."

What they are scrutinizing is a company that, decades ago, dominated a market it virtually created. According to legend, Howard D. (Continued on Page 11, Col. 1)

### Earnings at Howard Johnson

Figures are for fiscal year ended Oct. 31 translated at current exchange rates, millions of dollars



## Thomson Is Said to Seek Major Share in Grundig

By Paul Lewis  
New York Times Service  
PARIS — In what could be one of the largest fusions ever in the European electronics industry, the newly nationalized French electronics group Thomson-Brandt believes it is close to an agreement to take control of Grundig, the West German electrical concern, according to well placed corporate sources.

The aim of the merger would be to create a new European electronics giant, closely linked to N.V. Philips of the Netherlands and able to compete with the big Japanese electrical companies. The new group would initially concentrate its activities on the radio, television and household videotape recorder field, the sources said.

Grundig recently took over the household electrical goods division of the ailing West German electronics company AEG-Telefunken.

At Grundig headquarters in Furth, a spokesman confirmed Tuesday that discussions were under way with Thomson-Brandt,

but insisted that no decision has yet been made. Also on Tuesday, President Francois Mitterrand of France made an apparent reference to the merger plans when he told a seminar on industrial policy of "important negotiations under way in the household electrical goods sector."

Last year, Grundig reported a loss of 35 million Deutsche Marks on sales of 2.9 billion DM, although this year the company expects to show a modest profit. Thomson-Brandt reported a 1981 loss of 168 million francs (about \$23 million at the current exchange rate) on total sales of 25 billion francs.

Under the plan now being prepared, Thomson-Brandt would purchase the 75.5 percent stake in Grundig held by the Max Grundig Foundation.

The agreement apparently still requires the approval of Philips, which acquired a 24.5 percent stake in the West German company in 1979. Another hurdle is the West German Federal Cartel Office and the European Commission's antitrust authorities in Brussels.

According to sources, Thomson-Brandt is prepared to guarantee the continuation of various business accords that Philips has made with Grundig, including an agreement to supply Dutch-built tubes for its television sets.

Thomson-Brandt's decision to seek a merger with Grundig represents another major step in the efforts the French Socialists are making to build up the country's electronics industry.

In recent weeks, the French government has been showing increasing concern about the flood of Japanese video recorders onto its home market. Taxes on recorders, have been increased and importer forced to clear consignments through an understaffed customs depot in Poitiers.

Foreign Trade Minister Michel Jobert has warned publicly that France would take further unilateral measures against Japanese imports unless its European Commission partners agreed to joint action.

## OECD Sees Recession Persisting

By John Barrman  
Reuters

PARIS — The industrial world's recession will continue for at least another 12 months amid record unemployment and faint prospects of a return to strong economic growth, according to experts at the Organization for Economic Cooperation and Development.

An unpublished OECD report, due to be studied here this week by senior policy-makers from its 24 member countries, says recovery from the worst slump since the 1930s will be delayed at least until late next year, sources at the OECD and in member governments said Tuesday.

In its previous published outlook, the OECD said in July that Western industrial nations and Japan should begin a gradual recovery by early 1983, with gross domestic products rising an average of 2.5 percent, compared with 0.5 percent growth this year.

But the OECD sources said the experts pushed back their prediction of that relatively mild recovery.

They said the delay was partly attributed to weak demand for OECD products from developing countries, eastern bloc states and the major oil-producing nations.

"Once again the rainbow has been pushed back over the horizon," one source said.

The sources said the report, due to be published next month, will show that economic output in Europe will fall short of the level predicted in July, although a recovery in the United States is expected sometime next year.

"The problem is how large this U.S. upturn will be and what effect this will have on a generally flat outlook for the European countries," another source said.

A senior OECD forecasting expert said that at best the outlook for industrial countries was for a rise of only 1 to 2 percent in gross domestic product during the new 18-month OECD forecasting period that ends in mid-1984.

"For a real recovery we would have to be predicting growth in the 5- to 6-percent range," he said.

The OECD now also expects unemployment in its member countries to rise to at least a record 34 million persons by mid-1984, the sources said. In July it predicted a mid-1983 peak of nearly 32 million.

The report says inflation should continue its downward trend from the previously forecast 7.5-percent average 1983 rate, the sources said. But they said the OECD is sticking with its previously recommended tough anti-inflation policies despite their serious social and political consequences.

The General Agreement on Tariffs and Trade is to hold its first ministerial meeting in 10 years next week in Geneva. The OECD sources said its experts fear that their forecasts of continuing recession could be used by many governments as a pretext for increasing protectionist trade measures.

The OECD's economic policy committee, made up of senior officials from member nations, begins a three-day meeting here Wednesday to review the latest forecast.

## Chemical Raises Its Prime as Rate Hopes Fade

Compiled by Our Staff From Dispatches  
NEW YORK — Chemical Bank raised its prime lending rate Tuesday from 11 1/2 percent to the prevailing 12 percent following a surge in the U.S. money supply.

Chemical had cut its key lending rate to 11 1/2 percent Oct. 22, but no other major bank followed.

"The increase in our prime rate today was prompted by yesterday's large rise in the money supply," said Thomas Johnson, senior executive vice president at Chemical Bank. "This has reduced the chances for a discount rate drop."

Monday's report that the M-1 money supply rose \$2.7 billion in the week ended Nov. 3 dented Wall Street's hopes that the Federal Reserve will lower its discount rate soon. Many economists are now predicting interest rates will level off after the steep declines of the last four months, and some say rates will increase.

The Fed, the nation's central bank, seeks to provide enough money to revive the economy without rekindling double-digit inflation, and the latest report in the money supply left both M-1 and M-2 above the upper limits of the Fed's growth targets.

"The big buildup in spendable funds in the hands of the public could be potent fuel for economic activity," said David Jones, an economist at the investment firm of Aubrey G. Lanston & Co. "It could become inflationary." As a result, he said, the Fed would be more cautious.

Albert Stodolinger, a private forecaster, said there would be "no more discount rate lowering." The head of Stodolinger & Co. Inc. said the Fed could no longer ignore the growth of the money supply, so "interest rates are on their way to a rise."

The discount rate, the fee on Fed loans to banking institutions, has been cut five times since mid-1981, when it stood at 12 percent. It has remained at 9.5 percent since Oct. 12. As the Fed became

more accommodating, interest rates plummeted.

Thomas Thomson, chief economist at Crocker National Bank in San Francisco, said he believes the Fed will ignore money supply growth as long as the economy remains distressed. He predicted the central bank would "opt for a lower level of interest rates."

An economist at Dean-Witter Reynolds Inc., Arnold Moskowitz, said "the Fed will have to lower rates to get economic activity moving again." But Mr. Moskowitz said he believes the Fed will "drag its feet on a discount rate cut" because it does not want to lose credibility as an inflation fighter.

M-1 includes cash in circulation, nonbank travelers checks and deposits in checking-type accounts in banking institutions. M-2 adds such

deposits as savings accounts and money-market mutual funds to M-1.

M-1 is reported weekly and M-2 is reported monthly. Figures are usually released on a Friday but were delayed until Monday because the Fed was closed in observance of the Veterans Day holiday last week.

The Fed has been paying less attention than usual to M-1 since early October because it has been distorted by technical factors. For example, more than \$30 billion in All Savers Certificates, which are part of M-2, matured last month. Some of that money was shifted to checking accounts while investors decided how to spend the money.

Meanwhile, short-term Treasury securities yields have risen sharply,

hitting their highest levels in more than a month.

About \$5.6 billion in new three-month bills were auctioned Monday at an average discount rate of 8.446 percent, up from the 7.964 percent of last week.

The government also sold about \$5.6 billion in six-month bills at an average rate of 8.539 percent, up from 8.397 percent.

The new yields, which are a measure of the cost of government borrowing from the public, were the highest since the Sept. 7 level of 8.565 percent for three-month bills and the Oct. 4 level of 9.229 percent for six-month bills.

The discount rate on the new T-bills understates the actual return to investors — an average of 8.75 percent on three-month bills and 9.03 percent on six-month bills.

## U.S. Industrial Output Falls Again

By John M. Berry  
Washington Post Service

WASHINGTON — Industrial production declined another 0.8 percent last month as manufacturers continued to slash their output of cars, business equipment and the materials that go into them, the Federal Reserve reported Tuesday.

It was the largest drop in the last six months and provided clear evidence that the recession is not over yet.

In a separate report, the Labor Department said producer prices for finished goods rose a seasonally adjusted 0.5 percent almost entirely because of the end of rebates offered in September on many 1982 model cars and trucks and because of increases in sticker prices for the 1983 models.

The prices on finished goods other than cars and trucks rose only about 0.1 percent, the department said. A 0.2-percent drop in consumer food prices offset some

other increases, including an 11.3-percent rise for tobacco products.

The October decline in the industrial production index, which covers the output of factories, mines and utilities, was the 13th in the last 15 months. The index is now 11.4 percent below its peak in July 1981, the Federal Reserve said.

Automobile assemblies last month declined to an annual rate of 4.7 million units, down significantly from the 5.5-million rate of both August and September, the Fed reported.

Jerry Jasnowski, chief economist of the National Association of Manufacturers, called the production report "a warning that the recovery may not start unless we see a sharp reduction in interest rates."

The Fed's top policy-making group, the Federal Open Market Committee, met Tuesday to set monetary policy for the next several weeks. As usual, no announcement was made of the committee's decisions.

Financial markets, disappointed in recent weeks that the Fed has not chosen to lower its discount

rate — the interest rate it charges on loans to financial institutions — have pushed some other rates up recently.

Chemical Bank of New York, the lone major bank with its prime lending rate at 11 1/2 percent, raised its rate Tuesday and joined other banks at 12 percent.

In the 12 months ended in October, producer prices for finished goods increased 3.6 percent, less than half the 7.4 percent rise over the course of the previous 12 months. Consumer food prices went up 1.5 percent in the last year.

## CURRENCY RATES

Interbank exchange rates for Nov. 16, excluding bank service charges.

	\$	£	D.M.	F.F.	L.L.	S.F.	S.P.	O.R.
Australia	1.48	4.54	10.70	26.45	0.1894	17.15	5.164	22.827
Canada	1.36	10.72	19.25	4.697	3.382	9.17	1.164	17.04
France	6.55	4.84	—	—	—	—	—	—
Germany	1.36	—	—	—	—	—	—	—
Italy	1.36	—	—	—	—	—	—	—
Japan	1.36	—	—	—	—	—	—	—
Netherlands	1.36	—	—	—	—	—	—	—
Sweden	1.36	—	—	—	—	—	—	—
Switzerland	1.36	—	—	—	—	—	—	—
U.K.	1.36	—	—	—	—	—	—	—
U.S.	1.36	—	—	—	—	—	—	—

## GLOSSARY OF FINANCIAL ENGLISH

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ARAB BANKING CORPORATION (ABC)  
BANQUE BELGE POUR L'INDUSTRIE S.A./ORION ROYAL BANK LIMITED  
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DEUTSCHE BANK  
COMPAGNIE FINANCIERE LUXEMBOURG  
NATIONAL WESTMINSTER BANK GROUP  
SOCIETE GENERALE/SOCIETE GENERALE ALSACIENNE DE BANQUE

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# U.S. Firms Doubt End of Sanctions Will Boost Trade

NEW YORK — While President Ronald Reagan's removal of sanctions against companies participating in the Soviet gas pipeline project is a step to ease an economic strain, many businessmen and experts have expressed skepticism that it will result in increased trade with the Soviet Union.

"It will be an uphill battle for us and all American companies to re-establish credibility in the Soviet market," Mr. Scott Nickerson Jr., vice president and general counsel of Dresser Industries, said Monday. Dresser is the Dallas-based oil and gas supply company whose Russian subsidiary has a major pipeline contract.

"We are concerned that Dresser and all American companies will be suspected of being unreliable suppliers for some time," he said.

Restoring lost confidence among potential Soviet customers is a major goal of some 275 American members of the Soviet-U.S. Trade and Economic Council, a business-sponsored group meeting this week in Moscow.

But some experts said that in any case the Soviet Union's economic problems seem to preclude any rapid increase in trade.

"From a trade perspective, what has happened is basically irrelevant," said Lawrence J. Brainard, vice president and chief international economist at Bankers Trust Co. "Economic factors will determine future Soviet trade patterns, and they don't have any money. As a result, they feel they can't afford to take the risk of investing huge amounts of funds in new projects."

Another banker, who refused to be identified, was even more pointed.

"Trade with the Soviet Union is history as far as American manufactured goods and big projects are concerned," he said. "That something that people in this administration wanted" he added. "We may sell some components, but I can't see any sort of revival of buying."

But Marshall I. Goldman, associate director of the Russian Research Center at Harvard University and a specialist in Soviet economic development, disagreed.

"The Soviets clearly have a structural economic problem," he said. "But in the last six months they have significantly stepped up their petroleum exports to hard-currency countries, and that has helped their foreign exchange position enormously."

Largely as a result of the oil sales, he said, Soviet export earnings during the first half of 1982 rose 33 percent, or \$2.6 billion, from levels a year earlier.

## Market Summary, Nov. 16

### Market Diaries

NYSE	AMEX
102.71	102.71
102.71	102.71
102.71	102.71
102.71	102.71

### AMEX Stock Index

High	Low	Close	Open
102.71	102.71	102.71	102.71
102.71	102.71	102.71	102.71
102.71	102.71	102.71	102.71
102.71	102.71	102.71	102.71

### NYSE Index

High	Low	Close	Open
102.71	102.71	102.71	102.71
102.71	102.71	102.71	102.71
102.71	102.71	102.71	102.71
102.71	102.71	102.71	102.71

### AMEX Most Actives

Symbol	Price	Change
IBM	102.71	0.00
GE	102.71	0.00
AT&T	102.71	0.00
AMT	102.71	0.00
GO	102.71	0.00

### NYSE Most Actives

Symbol	Price	Change
IBM	102.71	0.00
GE	102.71	0.00
AT&T	102.71	0.00
AMT	102.71	0.00
GO	102.71	0.00

### Dow Jones Averages

Symbol	Price	Change
DJIA	102.71	0.00
DJIA	102.71	0.00
DJIA	102.71	0.00
DJIA	102.71	0.00
DJIA	102.71	0.00

### Standard & Poors Index

Symbol	Price	Change
S&P	102.71	0.00
S&P	102.71	0.00
S&P	102.71	0.00
S&P	102.71	0.00
S&P	102.71	0.00

### Odd-Lot Trading in N.Y.

Symbol	Price	Change
IBM	102.71	0.00
GE	102.71	0.00
AT&T	102.71	0.00
AMT	102.71	0.00
GO	102.71	0.00

## Tuesday's NYSE Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

Symbol	Price	Change
IBM	102.71	0.00
GE	102.71	0.00
AT&T	102.71	0.00
AMT	102.71	0.00
GO	102.71	0.00
IBM	102.71	0.00
GE	102.71	0.00
AT&T	102.71	0.00
AMT	102.71	0.00
GO	102.71	0.00

Symbol	Price	Change
IBM	102.71	0.00
GE	102.71	0.00
AT&T	102.71	0.00
AMT	102.71	0.00
GO	102.71	0.00
IBM	102.71	0.00
GE	102.71	0.00
AT&T	102.71	0.00
AMT	102.71	0.00
GO	102.71	0.00

(Continued on Page 12)

مكتبة الأمل



## Volkswagen Reports Loss of \$56.3 Million

WOLFSBURG, West Germany — Volkswagen AG reported a loss of \$56.3 million (146 million Deutsche marks) in the first nine months of 1982, the West German motor company reported Tuesday, compared with a profit of 15 million DM in the year-earlier period.

In an interim report, Volkswagen said that the parent company, Volkswagenwerk AG, had a loss of 146 million DM, or 22 million DM in the nine-month period from 1981.

Consolidated Volkswagen sales rose 7.7 percent to 28.07 billion DM from 27.865 billion DM, exclusively the result of a 3.3 percent increase in domestic sales to 9.19 billion DM.

The Volkswagen Group's foreign sales slipped to 18.88 billion DM in the nine-month period from 19.97 billion DM in 1981, the company reported.

Volkswagen said the "difficult situation of the U.S. automobile market had especially unfavorable effects" on the group's earnings.

Without offering detailed figures, the company said efforts to



The New York Times

## Agony at the Corporate Pinnacle: To Cope or Crack Under Pressure

By N.R. Kleinfield

New York Times Service

NEW YORK — It's a world that seems like paradise. There's the fat salary. The shower of perks. The art-filled office. The sleek limousines. The jets. The prestige.

The power. Must be about its glittering trappings, a former inhabitant once remarked. "They sort of handle you like a precious egg."

The world is that of the chief executive officer. Along with all the sparkle, though, the job of the corporate head is permeated with almost unending stress. Many, of course, find it off without any more ill effects than an occasional sleepless night. For others the pressure can turn paradise into hell.

Who knows the dark side better than John Z. De Lorean? Mr. De Lorean is the most recent example of an executive plunged into a nightmare apparently by the stress and allure of high places. A maverick of uncommon intelligence, he has been charged with smuggling cocaine in an apparent last-ditch effort to raise cash to save his fledgling car company as well as his king-sized ego.

Mr. De Lorean once remarked that, like himself, "Jesus was an outsider."

Beneath the De Lorean case lie the questions of what can happen to those who scale the corporate pyramid. How do they cope when the footing gets treacherous?

"The pressures when things start to go wrong are enormous," said the president of a large public company. "You think, can I do anything about it? Do I screw around with earnings for the quarter and try to cover up and then worry down the road? You feel in a crunch between obligation and reality. You look around and you don't see a way out."

"When I read the Nixon tapes eight or nine years ago, and read about these meetings about what kind of public image should be presented — well, I've been in meetings like that. The good people, though, test such ideas against morality and loyalty."

And John De Lorean? "It's just so strange. It's like I was selling out to Kidnap Party Hearst and planning to use the ransom money to inject into the business. It makes no sense."

Most corporate leaders feed off pressure like a shark hunter feeds off danger. "They're like the fireman," remarked a former president of a big conglomerate. "The bell rings, they jump in their boots and go down the pole."

Dr. Norman Paul, a Boston psychiatrist who says that in the corporate climate, "the fear of failure is the substitute for the fear of death" — remarked that chief executives who cope well generally have enjoyed good role models for coping early on; thus, they share problems. "It's not me vs. them. It's me with them."

Some companies, one former executive pointed out, historically

reek of stress, whereas others are joyful. Some individuals can take endless heat; others relatively little. So when the man with the low threshold climbs to the top of the inherently stressful company, "the kettle explodes."

The annals of business are dotted with instances of kettles exploding — executives who drink, become abusive, commit crimes or kill themselves.

One of the most bewildering business mysteries of recent times was the case of Anthony Conrad. In 1976, Mr. Conrad quit as chairman of RCA Corp. after admitting he had inexplicably failed to file state or federal income tax returns for five years.

Others, when they cracked, went further. Two examples:

In August 1981, Alvin Feldman, president of Continental Airlines, who was despondent over the loss of his wife to cancer and had been losing a takeover battle with Texas International Airlines, put a bullet through his brain.

In February 1975, Eli Black, the chairman and president of United Brands Co., jumped to his death from his 44th-floor office. Subsequent inquiries revealed peculiar decisions by Mr. Black, foreign bribes, suggestions that an insurance was brewing among his aides.

Harry Levinson runs the Levinson Institute in Cambridge, Massachusetts, an association of clinical psychologists and psychiatrists devoted to management consultation and education.

"Forbes and Fortune are always talking up who's ahead of who and who's more powerful," Mr. Levinson said. "And one is always caught up in the swim. If he's not doing as well as he wants to, he gets angry with himself and that's the core of stress."

"People attribute all sorts of power to the chief executive," said Maurice Van der Pijl, a Boston consultant and psychoanalyst, "and many chief executives want to buy into that belief. And that's a very serious situation. They can't stand to lose face, to admit any weakness. They can't share with anyone how frightened they are. I always think of the Wizard of Oz. You know, the booming voice of the person who you never see? Everyone fears him. Then you look and it's this little old man."

Dr. Richard Firestone, a New York psychoanalyst who treats a good many well-known chief executives, remarked that it is often true that corporate heads who go over the edge are sabotaged by some subconscious childhood "crime." Once they reach the pinnacle, they ambush themselves as punishment.

Abraham Zaleznik, a psychoanalyst and a professor of social psychology of management at the Harvard Business School, has nurtured a reputation for bringing Freud into the boardroom. "You've heard of the syndromes of fear of failure and fear of success,"

he said. "I think the worst fear for people in high positions is the fear of success."

"In their climb to the top," Mr. Zaleznik said, "they have certain fantasies having to do with creating a new world. There is a search for restitution — to remake the world, remake their childhood, remake a relationship with a parent."

"Once they reach the pinnacle," he says, "they have to face up to the reality, and the reality will never square with the fantasy. There is no restitution. There is no redemption. The world has not been recreated. So they will become almost megalomaniacal."

If this happens, Mr. Zaleznik noted, anything goes. Executives become overbearing with subordinates. They distort their power. They become withdrawn. They refuse to delegate authority. A "fortress mentality" can develop.

"They go through a ritual of perverting a myth that then finds expression in peculiar decisions," he said. "This is often indicated today in faulty acquisitions."

The recent takeover extravaganza involving Bendix Corp. and United Technologies had psychiatrists wondering out of what cloth were cut William Agee and Harry Gray.

In reference to the entrepreneurial type, such as Mr. De Lorean, Mr. Zaleznik said: "I believe they fall prey to the Midas theory. Everything they touch will turn to gold, and if it doesn't, they go bankrupt. I think if we want to understand the entrepreneur we should look at the juvenile delinquent. I think there are a lot of similarities. They both have an underdeveloped super-ego. And so they don't understand right from wrong."

## U.S. May Tell Banks to Create Fund To Deal With Shaky Loans Abroad

By James L. Rowe Jr.

WASHINGTON — Federal banking regulators, increasingly concerned about the deteriorating international financial system, may require U.S. banks to set up a special reserve to account for "problem" international loans.

Regulators said they are not yet ready to make a formal proposal on such a reserve, but C. Todd Conover, the controller of the currency, disclosed in a speech to a bankers seminar Friday that such a move is possible.

U.S. banks have loaned about \$200 billion to developing countries, many of which are having difficulties repaying the loans. Poland and Mexico lead the list of financially troubled countries, but other big international borrowers such as Argentina and Brazil also are having trouble.

Regulators at the comptroller's office, the Federal Deposit Insurance Corp. and the Federal Reserve have the power to make banks set aside funds to cover possible international lending losses.

Such an action, however, might cause banks to stop further lending to any country pinpointed by regulators. And banks and government officials fear that such a cutoff could cause many developing countries to default.

Regulators said they are searching for a way to force banks to treat potential international losses on a uniform and prudent basis without choking off the flow of credit or creating a diplomatic incident.

In remarks to the bankers conference in Santa Barbara, California, Mr. Conover said. "As the headlines over the past six months have made clear, U.S. banks have significant exposure overseas, and some of those loans are in trouble."

"Banks are reacting to this change in a wide variety of ways. Some are charging off all or part of them. Some are setting aside addi-

tional funds in their general reserves. Some are applying interest payments to principal. And some are doing nothing at all."

Mr. Conover said some banks "are not recognizing the value of these loans in a realistic way."

For example, analysts and regulators said many banks have been treating loans to Mexico as if they were sound risks even though Mexico has delayed paying off billions of dollars of loans that have been coming due since August while it tries to refinance its \$80 billion in foreign debt.

That means that reports by some banks may be misleading and that those banks may not be making proper provision for losses on those loans.

Banks can do this because Mexico continues to pay the interest due but does not pay off the principal as it is supposed to. Banks that do not classify at least some portion of the Mexican loans as problem assets and make some provision for potential losses may be misleading depositors and investors, regulators say.

One regulator said banks that have made some provision for Mexican loan problems may be acting more prudently but may be penalized in the public mind for having a higher level of problem loans and lower earnings. He said their earnings would be lower because provisions for potential loan losses are deducted from profits.

## Thrifty, Banks in U.S. To Offer New Account

New York Times Service

WASHINGTON — In an effort to help savings institutions and banks compete with money market mutual funds, banking regulators have authorized a new federally insured account that allows consumers to make a relatively low minimum deposit and sets no ceiling on the interest depositors are paid.

Monday's action will allow commercial banks, along with savings institutions, to market the new account beginning Dec. 14.

Consumers will be able to open an account with a minimum deposit of \$2,500, and, depending on the institution, receive a guaranteed fixed interest rate for up to one month. Money funds cannot guarantee rates because their interest payments are based on the return they receive on their investments.

As with many money funds, depositors may write checks on their accounts, but they will be limited to six transfers of any kind a month, including three third-party checks.

Until now, the deposit instrument available to banks and savings institutions that was closest to the money market funds was the three-month certificate that requires a minimum deposit of \$7,500. Those certificates are tied to the yield on three-month Treasury bills.

After a customer opens one of the new accounts, he must maintain it at least at \$2,500 in order to avoid rate restrictions. If, over a one-month period, the average balance falls below \$2,500, the maximum interest rate payable will be reduced.

In addition, consumers can make withdrawals or payments to third parties.

## Major Changes Are Likely For Howard Johnson Chain

(Continued from Page 9)

Johnson founded the business in the early 1920's by making ice cream with double the usual butterfat content. He sold his first door-to-door, then in his own restaurant in Quincy, Massachusetts, in 1925.

From then on, he built restaurant-hotels on highways that, at that time, ran through the middle of nowhere. As the country grew, the stops became way stations on heavily traveled roads. They have also gone up in cities, including New York, in suburbs and near airports.

"Howard Johnson has some standard locations," said Barry Krantz, marketing vice president for the restaurant division of Denny's Inc., a fast-growing, California-based restaurant chain that is considered one of Howard Johnson's toughest rivals. "If they can get it together again, they'll be formidable competition."

What happened, rivals and industry analysts say, was that Howard Johnson failed to adapt to changing demographics and tastes. The family-oriented coffee shop on the highway has been superseded by the so-called California-style, typified by the hanging plants, natural foods and skylights at Denny's.

As rising energy costs, and then the recession, have cut into vacation driving, the motels have lost their customary family trade, and the restaurants have suffered accordingly. Especially in lodging, Mr. Krantz noted, "they're fighting a perception by consumers that Howard Johnson's is a family place."

Any turnaround at Howard Johnson had to be delayed while the Imperial Group sorted out its own problems. Last year, the group reported a steep earnings drop and named a new chairman, Geoffrey Kent, following the abrupt resignation of M.A. Anson, who had held the post for only a year.

In addition, some analysts say, Howard Johnson had become too deeply involved in food processing, rather than buying its products from outside suppliers. That detracted from more critical aspects of the business, such as retailing.

Even if Howard Johnson were to renovate the restaurants, however, the eateries would still be handicapped by the motels that they usually adjoin. They're so dependent on lodging," said Scott Hume, senior editor of Restaurants and Institutions magazine, "that it's not worth upgrading the restaurants alone."

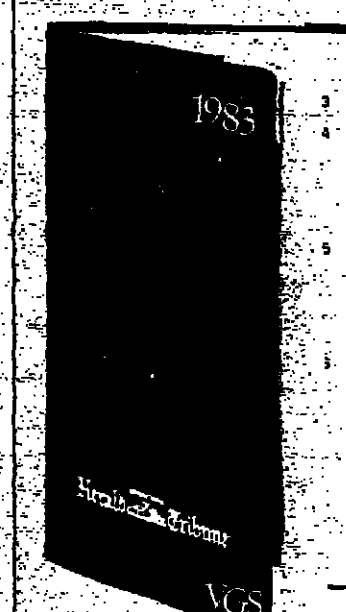
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## The 1983 IHT Pocket Diary With Its Own Leather Wallet

Our pocket diary was an instant success when we introduced it 3 years ago. Now our new hit is the unique wallet that holds everything — including the diary — without a trace of bulk. Both items in rich black leather, personalized with your initials in gold.

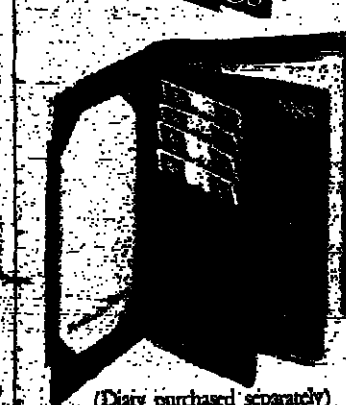
This duo is the perfect way to organize all those little things you need to carry. And the gold-stamped initials make it a great gift idea for business associates and friends.



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**Unique IHT wallet**

Ingenuously designed to hold the IHT diary plus space for 4 credit cards, a gold metal pen securely anchored in a leather holder, the famous IHT "pull-out" memo pad, and a pocket for notes and business cards. Fine black leather, black silk lining, gold metal corners and your initials in gold. (9 1/2 x 14 cm.) \$30

Return this coupon with check or money order in any convertible currency, made payable to: "TJ & J Smith Ltd."

TJ & J Smith Ltd.  
Attention: Paul Baker, Dayday House  
11 Alexandra Rd., London SW19 7JZ, England.

Please send me — 1983 Pocket Diary(ies) at \$18 each  
Our Special Wallet(s) at \$30 each  
(Diary purchased separately)

Prices include postage and handling in Europe only.  
Outside Europe, add \$3 per item for additional postage.

Name \_\_\_\_\_ (PRINT OR TYPE)  
Address \_\_\_\_\_  
City \_\_\_\_\_  
Country \_\_\_\_\_

17-11-82

## COMPANY REPORTS

Revenue and profits, in millions, are in local currencies unless otherwise indicated.

Britain-Netherlands		Israel		Lucky Stores	
Unilever	1981 Revenue: 3,540 Profit: 1,010 1982 Revenue: 3,540 Profit: 1,010	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200
Canada		United States		Penney (J.C.)	
Dominion Petroleum	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200
Genstar	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200	1981 Revenue: 1,000 Profit: 200 1982 Revenue: 1,000 Profit: 200

**CO-OPERATIVE BANK LIMITED**

**US \$25,000,000**

**Floating Rate Capital Notes 1986**

Notice is hereby given pursuant to the Terms and Conditions of the Notes that for the six months from 18th November, 1982 to 18th May, 1983 the Notes will bear an interest rate of 10 3/4% per annum with a coupon amount of US \$54.36.

**London & Continental Bankers Limited**  
Agent Bank

## Gold Markets Nov. 16

	A.M.	P.M.	Close
London	424.25	424.25	424.25
Paris	424.25	424.25	424.25
Frankfurt	424.25	424.25	424.25
Zurich	424.25	424.25	424.25
Geneva	424.25	424.25	424.25
Basel	424.25	424.25	424.25
Amsterdam	424.25	424.25	424.25
Brussels	424.25	424.25	424.25
Luxembourg	424.25	424.25	424.25
Madrid	424.25	424.25	424.25
Barcelona	424.25	424.25	424.25
Valencia	424.25	424.25	424.25
Seville	424.25	424.25	424.25
Granada	424.25	424.25	424.25
Malaga	424.25	424.25	424.25
Cadiz	424.25	424.25	424.25
San Sebastian	424.25	424.25	424.25
Bilbao	424.25	424.25	424.25
Vitoria	424.25	424.25	424.25
Pamplona	424.25	424.25	424.25
Leioa	424.25	424.25	424.25
Barakaldo	424.25	424.25	424.25
Getxo	424.25	424.25	424.25
Leizor	424.25	424.25	424.25
Amorebieta	424.25	424.25	424.25
Erasmio	424.25	424.25	424.25
Barakaldo	424.25	424.25	424.25
Getxo	424.25	424.25	424.25
Leizor	424.25	424.25	424.25
Amorebieta	424.25	424.25	424.25
Erasmio	424.25	424.25	424.25

## Gold Options (prices in \$/oz.)

Month	Nov.	Dec.	Jan.	Feb.	Mar.
100	375.575	375.575	375.575	375.575	375.575
200	375.575	375.575	375.575	375.575	375.575
300	375.575	375.575	375.575	375.575	375.575
400	375.575	375.575	375.575	375.575	375.575
500	375.575	375.575	375.575	375.575	375.575
600	375.575	375.575	375.575	375.575	375.575
700	375.575	375.575	375.575	375.575	375.575
800	375.575	375.575	375.575	375.575	375.575
900	375.575	375.575	375.575	375.575	375.575
1000	375.575	375.575	375.575	375.575	375.575

## Valuers White Weld S.A.

1, Quai du Mont-Blanc  
1211 Geneva 1, Switzerland  
Tel. 51 02 31 - Telex 22 305

## INVESTMENT OPPORTUNITIES

EXCELLENT U.S. INVESTMENT OPPORTUNITIES AVAILABLE. FINANCIAL ASSISTANCE IF NECESSARY.

## VENTURE CAPITAL CONSULTANTS

Investment Bankers

16311 Ventura Blvd., Suite 999  
Encino, CA 91436  
Tel. 651 3555 - Telex 154  
Telephone: (213) 769-0422 USA.

## NEW ISSUE NOVEMBER 1982

## The Council of Europe Resettlement Fund

for National Refugees and Over-Population in Europe

## Strasbourg/Paris

100'000'000 Swiss Francs  
6 3/4% Bonds 1982-1992

for National Refugees and Over-Population in Europe

Strasbourg/Paris

BANCA DEL GOTTARDO  
BANQUE ERNST & CIE AG  
BANQUE PRIVÉE S.A.  
LA ROCHE & CO.  
SCHWEIZERISCHE HYPOTHEKEN- UND BANKE  
BANCA DELLA SVIZZERA ITALIANA  
BANQUE DE PARIS ET DES PAYS-BAS (SUISSE) S.A.  
WIRTSCHAFTS- UND PRIVATBANK

Aargauische Hypotheken- und Handelsbank  
Banque Valaisienne de Crédit  
Bank in Gossau  
Bank in Muri  
Bank vom Linthgebiet  
Baselische Hypothekenbank  
EKO Hypothek- und Handelsbank  
Luzerner Landbank AG  
Banque Romande  
Bank Europäischer Genossenschaftsbanken  
Banque de l'Union Européenne en Suisse S.A.  
Banque Bruxelles Lambert (Suisse) S.A.  
Société Générale Alsacienne de Banque  
Groupe Société Générale

KREDITBANK (SUISSE) S.A.  
NORDFINANZ-BANK ZÜRICH  
Clariden Bank  
Lloyds Bank International Ltd.  
Amro Bank und Finanz  
Armstrong & Co. AG  
Banca di Roma per la Svizzera  
Banque Indosuez  
Succursale de Suisse  
Banque Morgan Grenfell en Suisse S.A.  
Caisse d'Epargne du Valais  
C.I.A.L. Crédit Industriel d'Alsace et de Lorraine  
Fuji Bank (Schweiz) AG  
Gerbobank Baden  
Hypothek- und Handelsbank Winterthur  
Maerki, Baumann & Co. AG  
Sparkasse Schwyz

## Fonds de Réétablissement du Conseil de l'Europe

pour les Réfugiés Nationaux et les Excédents de Population en Europe

## EMPRUNT DE 30.000.000 D'ECUS

13,50 % 1982-1992

SOCIÉTÉ GÉNÉRALE BANQUE BRUXELLES LAMBERT S.A.

KREDITBANK INTERNATIONAL GROUP BANQUE INTERNATIONALE A LUXEMBOURG S.A.

ALBEMER BANK NEDERLAND N.V. BANCA DEL GOTTARDO

BANQUE GÉNÉRALE DU LUXEMBOURG S.A. BANQUE NATIONALE DE PARIS

BERLINER HANDELS- UND FRANKFURTER BANK CRÉDIT COMMUNAL DE BELGIQUE S.A. / GEMEENTEKREDIET VAN BELGIË N.V.

ISTITUTO BANCARIO SAN PAOLO DI TORINO SOCIÉTÉ GÉNÉRALE ALSACIENNE DE BANQUE

SOCIÉTÉ GÉNÉRALE DE BANQUE S.A.

ALBEMER BANK NEDERLAND N.V. AMSTERDAM AMRO INTERNATIONAL Limited

BANCA COMMERCIALE ITALIANA BANK OF AMERICA INTERNATIONAL Limited

BANQUE DE BELGIË BANQUE FRANÇAISE DU COMMERCE EXTERIEUR

BANQUE DE L'UNION EUROPEENNE BANQUE IPRA

CAISSE CENTRALE DES BANQUES POPULAIRES BANQUE WORMS

CHASSE MANHATTAN LTD. CHEMICAL BANK INTERNATIONAL Limited

COMMERCEBANK INTERNATIONAL S.A. CREDITANSTALT - BANKVEREIN

CREDIT DU NORD CREDIT GENERAL S.A. DE BANQUE CREDIT INDUSTRIEL D'ALSACE ET DE LORRAINE S.A.



Tables include the nationwide prices up to the closing on Wall Street

<b>72 Month</b>	<b>\$%</b>	<b>Clos Prev</b>
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Toronto

Canadian Stock Markets

Nov. 15

High Low Close Change

High Low Close Change

757	AMCA	29 1/2	29 1/2	29 1/2	0
758	ACN	15 1/2	15 1/2	15 1/2	0
759	AGRO	12 1/2	12 1/2	12 1/2	0
760	AGRO	12 1/2	12 1/2	12 1/2	0
761	AGRO	12 1/2	12 1/2	12 1/2	0
762	AGRO	12 1/2	12 1/2	12 1/2	0
763	AGRO	12 1/2	12 1/2	12 1/2	0
764	AGRO	12 1/2	12 1/2	12 1/2	0
765	AGRO	12 1/2	12 1/2	12 1/2	0
766	AGRO	12 1/2	12 1/2	12 1/2	0
767	AGRO	12 1/2	12 1/2	12 1/2	0
768	AGRO	12 1/2	12 1/2	12 1/2	0
769	AGRO	12 1/2	12 1/2	12 1/2	0
770	AGRO	12 1/2	12 1/2	12 1/2	0
771	AGRO	12 1/2	12 1/2	12 1/2	0
772	AGRO	12 1/2	12 1/2	12 1/2	0
773	AGRO	12 1/2	12 1/2	12 1/2	0
774	AGRO	12 1/2	12 1/2	12 1/2	0
775	AGRO	12 1/2	12 1/2	12 1/2	0
776	AGRO	12 1/2	12 1/2	12 1/2	0
777	AGRO	12 1/2	12 1/2	12 1/2	0
778	AGRO	12 1/2	12 1/2	12 1/2	0
779	AGRO	12 1/2	12 1/2	12 1/2	0
780	AGRO	12 1/2	12 1/2	12 1/2	0
781	AGRO	12 1/2	12 1/2	12 1/2	0
782	AGRO	12 1/2	12 1/2	12 1/2	0
783	AGRO	12 1/2	12 1/2	12 1/2	0
784	AGRO	12 1/2	12 1/2	12 1/2	0
785	AGRO	12 1/2	12 1/2	12 1/2	0
786	AGRO	12 1/2	12 1/2	12 1/2	0
787	AGRO	12 1/2	12 1/2	12 1/2	0
788	AGRO	12 1/2	12 1/2	12 1/2	0
789	AGRO	12 1/2	12 1/2	12 1/2	0
790	AGRO	12 1/2	12 1/2	12 1/2	0
791	AGRO	12 1/2	12 1/2	12 1/2	0
792	AGRO	12 1/2	12 1/2	12 1/2	0
793	AGRO	12 1/2	12 1/2	12 1/2	0
794	AGRO	12 1/2	12 1/2	12 1/2	0
795	AGRO	12 1/2	12 1/2	12 1/2	0
796	AGRO	12 1/2	12 1/2	12 1/2	0
797	AGRO	12 1/2	12 1/2	12 1/2	0
798	AGRO	12 1/2	12 1/2	12 1/2	0
799	AGRO	12 1/2	12 1/2	12 1/2	0
800	AGRO	12 1/2	12 1/2	12 1/2	0

Prices in Canadian cents unless marked

High Low Close Change

750	Domini	330	325	325	0
751	Domini	330	325	325	0
752	Domini	330	325	325	0
753	Domini	330	325	325	0
754	Domini	330	325	325	0
755	Domini	330	325	325	0
756	Domini	330	325	325	0
757	Domini	330	325	325	0
758	Domini	330	325	325	0
759	Domini	330	325	325	0
760	Domini	330	325	325	0
761	Domini	330	325	325	0
762	Domini	330	325	325	0
763	Domini	330	325	325	0
764	Domini	330	325	325	0
765	Domini	330	325	325	0
766	Domini	330	325	325	0
767	Domini	330	325	325	0
768	Domini	330	325	325	0
769	Domini	330	325	325	0
770	Domini	330	325	325	0
771	Domini	330	325	325	0
772	Domini	330	325	325	0
773	Domini	330	325	325	0
774	Domini	330	325	325	0
775	Domini	330	325	325	0
776	Domini	330	325	325	0
777	Domini	330	325	325	0
778	Domini	330	325	325	0
779	Domini	330	325	325	0
780	Domini	330	325	325	0
781	Domini	330	325	325	0
782	Domini	330	325	325	0
783	Domini	330	325	325	0
784	Domini	330	325	325	0
785	Domini	330	325	325	0
786	Domini	330	325	325	0
787	Domini	330	325	325	0
788	Domini	330	325	325	0
789	Domini	330	325	325	0
790	Domini	330	325	325	0
791	Domini	330	325	325	0
792	Domini	330	325	325	0
793	Domini	330	325	325	0
794	Domini	330	325	325	0
795	Domini	330	325	325	0
796	Domini	330	325	325	0
797	Domini	330	325	325	0
798	Domini	330	325	325	0
799	Domini	330	325	325	0
800	Domini	330	325	325	0

High Low Close Change

750	Murphy	331 1/2	326 1/2	326 1/2	0
751	Murphy	331 1/2	326 1/2	326 1/2	0
752	Murphy	331 1/2	326 1/2	326 1/2	0
753	Murphy	331 1/2	326 1/2	326 1/2	0
754	Murphy	331 1/2	326 1/2	326 1/2	0
755	Murphy	331 1/2	326 1/2	326 1/2	0
756	Murphy	331 1/2	326 1/2	326 1/2	0
757	Murphy	331 1/2	326 1/2	326 1/2	0
758	Murphy	331 1/2	326 1/2	326 1/2	0
759	Murphy	331 1/2	326 1/2	326 1/2	0
760	Murphy	331 1/2	326 1/2	326 1/2	0
761	Murphy	331 1/2	326 1/2	326 1/2	0
762	Murphy	331 1/2	326 1/2	326 1/2	0
763	Murphy	331 1/2	326 1/2	326 1/2	0
764	Murphy	331 1/2	326 1/2	326 1/2	0
765	Murphy	331 1/2	326 1/2	326 1/2	0
766	Murphy	331 1/2	326 1/2	326 1/2	0
767	Murphy	331 1/2	326 1/2	326 1/2	0
768	Murphy	331 1/2	326 1/2	326 1/2	0
769	Murphy	331 1/2	326 1/2	326 1/2	0
770	Murphy	331 1/2	326 1/2	326 1/2	0
771	Murphy	331 1/2	326 1/2	326 1/2	0
772	Murphy	331 1/2	326 1/2	326 1/2	0
773	Murphy	331 1/2	326 1/2	326 1/2	0
774	Murphy	331 1/2	326 1/2	326 1/2	0
775	Murphy	331 1/2	326 1/2	326 1/2	0
776	Murphy	331 1/2	326 1/2	326 1/2	0
777	Murphy	331 1/2	326 1/2	326 1/2	0
778	Murphy	331 1/2	326 1/2	326 1/2	0
779	Murphy	331 1/2	326 1/2	326 1/2	0
780	Murphy	331 1/2	326 1/2	326 1/2	0
781	Murphy	331 1/2	326 1/2	326 1/2	0
782	Murphy	331 1/2	326 1/2	326 1/2	0
783	Murphy	331 1/2	326 1/2	326 1/2	0
784	Murphy	331 1/2	326 1/2	326 1/2	0
785	Murphy	331 1/2	326 1/2	326 1/2	0
786	Murphy	331 1/2	326 1/2	326 1/2	0
787	Murphy	331 1/2	326 1/2	326 1/2	0
788	Murphy	331 1/2	326 1/2	326 1/2	0
789	Murphy	331 1/2	326 1/2	326 1/2	0
790	Murphy	331 1/2	326 1/2	326 1/2	0
791	Murphy	331 1/2	326 1/2	326 1/2	0
792	Murphy	331 1/2	326 1/2	326 1/2	0
793	Murphy	331 1/2	326 1/2	326 1/2	0
794	Murphy	331 1/2	326 1/2	326 1/2	0
795	Murphy	331 1/2	326 1/2	326 1/2	0
796	Murphy	331 1/2	326 1/2	326 1/2	0
797	Murphy	331 1/2	326 1/2	326 1/2	0
798	Murphy	331 1/2	326 1/2	326 1/2	0
799	Murphy	331 1/2	326 1/2	326 1/2	0
800	Murphy	331 1/2	326 1/2	326 1/2	0

High Low Close Change

750	Trinity	330 1/2	325 1/2	325 1/2	0
751	Trinity	330 1/2	325 1/2	325 1/2	0
752	Trinity	330 1/2	325 1/2	325 1/2	0
753	Trinity	330 1/2	325 1/2	325 1/2	0
754	Trinity	330 1/2	325 1/2	325 1/2	0
755	Trinity	330 1/2	325 1/2	325 1/2	0
756	Trinity	330 1/2	325 1/2	325 1/2	0
757	Trinity	330 1/2	325 1/2	325 1/2	0
758	Trinity	330 1/2	325 1/2	325 1/2	0
759	Trinity	330 1/2	325 1/2	325 1/2	0
760	Trinity	330 1/2	325 1/2	325 1/2	0
761	Trinity	330 1/2	325 1/2	325 1/2	0
762	Trinity	330 1/2	325 1/2	325 1/2	0
763	Trinity	330 1/2	325 1/2	325 1/2	0
764	Trinity	330 1/2	325 1/2	325 1/2	0
765	Trinity	330 1/2	325 1/2	325 1/2	0
766	Trinity	330 1/2	325 1/2	325 1/2	0
767	Trinity	330 1/2	325 1/2	325 1/2	0
768	Trinity	330 1/2	325 1/2	325 1/2	0
769	Trinity	330 1/2	325 1/2	325 1/2	0
770	Trinity	330 1/2	325 1/2	325 1/2	0
771	Trinity	330 1/2	325 1/2	325 1/2	0
772	Trinity	330 1/2	325 1/2	325 1/2	0
773	Trinity	330 1/2	325 1/2	325 1/2	0
774	Trinity	330 1/2	325 1/2	325 1/2	0
775	Trinity	330 1/2	325 1/2	325 1/2	0
776	Trinity	330 1/2	325 1/2	325 1/2	0
777	Trinity	330 1/2	325 1/2	325 1/2	0
778	Trinity	330 1/2	325 1/2	325 1/2	0
779	Trinity	330 1/2	325 1/2	325 1/2	0
780	Trinity	330 1/2	325 1/2	325 1/2	0
781	Trinity	330 1/2	325 1/2	325 1/2	0
782	Trinity	330 1/2	325 1/2	325 1/2	0
783	Trinity	330 1/2	325 1/2	325 1/2	0
784	Trinity	330 1/2	325 1/2	325 1/2	0
785	Trinity	330 1/2	325 1/2	325 1/2	0
786	Trinity	330 1/2	325 1/2	325 1/2	0
787	Trinity	330 1/2	325 1/2	325 1/2	0
788	Trinity	330 1/2	325 1/2	325 1/2	0
789	Trinity	330 1/2	325 1/2	325 1/2	0
790	Trinity	330 1/2	325 1/2	325 1/2	0
791	Trinity	330 1/2	325 1/2	325 1/2	0
792	Trinity	330 1/2	325 1/2	325 1/2	0
793	Trinity	330 1/2	325 1/2	325 1/2	0
794	Trinity	330 1/2	325 1/2	325 1/2	0
795	Trinity	330 1/2	325 1/2	325 1/2	0
796	Trinity	330 1/2	325 1/2	325 1/2	0
797	Trinity	330 1/2	325 1/2	325 1/2	0
798	Trinity	330 1/2	325 1/2	325 1/2	0
799	Trinity	330 1/2	325 1/2	325 1/2	0
800	Trinity	330 1/2	325 1/2	325 1/2	0

Open High Low Settle Chg.

Grains

WHEAT

1000 bu minimum; dollars per bushel

Dec	1.40	1.37 1/2	1.37 1/2	1.37 1/2	0
Nov	1.36 1/2	1.34 1/2	1.34 1/2	1.34 1/2	0
Oct	1.32 1/2	1.30 1/2	1.30 1/2	1.30 1/2	0
Sep	1.28 1/2	1.26 1/2	1.26 1/2	1.26 1/2	0
Aug	1.24 1/2	1.22 1/2	1.22 1/2	1.22 1/2	0
July	1.20 1/2	1.18 1/2	1.18 1/2	1.18 1/2	0
June	1.16 1/2	1.14 1/2	1.14 1/2	1.14 1/2	0
May	1.12 1/2	1.10 1/2	1.10 1/2	1.10 1/2	0
April	1.08 1/2	1.06 1/2	1.06 1/2	1.06 1/2	0
March	1.04 1/2	1.02 1/2	1.02 1/2	1.02 1/2	0
Feb	1.00 1/2	0.98			

## Nov. 16

### Selected Over-the-Counter

**Nov. 16****London Commodities Nov. 16**

Dividends No

### Floating Rate Notes

1000

London Metals Nov. 16

Pine & W. Va RR	0000	.14	12-30	12
Revco D.S. Inc	0000	.22	12-10	11
Reynolds & Rey.	0000	.27	1-10	17
Exp. Disc. C. & F.	0000	1.16		13

BNP 7-83	72%	1-3	100%	100%
BNP 54-83	14 13/16	1-27	100%	—
BNP 1982/84	111%	2-27	100%	100%

Hand. & Chart, 54-90	127%	3-9	100%	101
Hand. & Chart, 54-91	14%	11-18	99%	99%
Safe Bk. Inds 64-87	14%	11-30	98%	—

3 months 2,150.00 2,180.00 2,185.00 2,170.00

Alpha P Ind  
Bk Tr 4.22nd  
Benefit Sol

CCGE 54-81	11/15/14	12-15	9813	9814	A
Credit Agricola 615-84	15%	12-17	100%	100%	C
Credit Agricola 574-97	17%	3-24	100	100%	E

10-10-88	12-15-16	12-20	88	12-1
F.De Electr 54-88	15	11-18	92	
Inspection 7-88	13-9-16	1-22	99	

20 lots of 10 lots. Open interest: 292  
OFFEE

## Price Index Rises in Japan

62B 51-67	117	124	984	994
62B 51-72	117	124	984	994
18J 51-83	144	122	1004	1004
18J 51-87	144	122	1004	1004

WINNER 1-84	14 17/18	1-27	95	98
WINNER 4-88/91	15 11/18	10-8	89	91
Los Angeles Mexico 1989	14 9/16	1-27	96	97

Indo-Suez S/S-85	14 1/16	1-27	100%	100%
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**Industrial & Commercial  
REAL ESTATE**

**Spain—Investment Opportunity  
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